

Palm, Inc.
Charter of the Compensation Committee
of the Board of Directors

(Amended and Restated Effective as of April 28, 2005; Name Updated as of July 14, 2005)

Purpose

The purpose of the Compensation Committee of the Board of Directors (the “Board of Directors”) of Palm, Inc. (the “Company”) is to act upon, or exercise corporate powers with respect to, the matters set forth in this charter. The purposes of the Compensation Committee shall be to (a) discharge the responsibilities of the Board of Directors relating to compensation of the Company’s officers (as such term is defined in Rule 16a-1 promulgated under the Securities Exchange Act of 1934, as amended, the “executive officers”), (b) administer the Company’s stock option plans, stock purchase plans, restricted stock plans and any other equity incentive plans adopted by the Company, and (c) provide disinterested administration of any employee benefit plans in which executive officers of the Company are eligible to participate. In addition, the Compensation Committee will undertake those specific responsibilities listed below and such other duties or responsibilities as the Board of Directors may from time to time prescribe.

Membership

The members of the Compensation Committee shall be appointed by the Nominating and Governance Committee of the Board of Directors and shall serve at the discretion of the Board of Directors. The Compensation Committee shall consist of no fewer than two (2) members.

The members of the Compensation Committee shall meet (a) the independence requirements of the listing standards of the Nasdaq Stock Market or stock exchange on which the Company’s stock is listed, provided that up to one member may be non-independent under and in conformity with the “exceptional and limited circumstances” exception of the rules of the Nasdaq Stock Market, (b) the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, and (c) the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Responsibilities

The responsibilities of the Compensation Committee shall include the following:

1. The Compensation Committee has overall responsibility for approving and evaluating the executive officer compensation and plans, policies and programs of the Company related thereto.
2. The Compensation Committee is responsible for producing a report on executive compensation for inclusion in the Company’s proxy statement for its annual meeting of stockholders.

3. The Compensation Committee shall annually review and approve for the Chief Executive Officer (“CEO”) and the other executive officers of the Company: (a) annual base salary, (b) any annual incentive bonus, including the specific goals (or formula) and amount and whether performance goals have been met, (c) equity compensation, (d) employment agreements, severance arrangements, and change in control agreements/provisions, and (e) any other benefits, compensation or arrangements. With respect to the compensation of the CEO, following input from the Board of Directors and other parties, such approval will be made in “executive session” without the presence of the CEO. With respect to the compensation of the other executive officers, such review and approval may be made in the presence of the CEO, but shall otherwise be made in “executive session” without the presence of the executive officers.
4. The Compensation Committee shall annually review and recommend to the Board of Directors for its approval the compensation, including cash, equity or other compensation, for members of the Board of Directors for their service as (a) a member of the Board of Directors, (b) a member of any committee of the Board of Directors, (c) a Chair of any committee of the Board of Directors and (d) the Chairman of the Board of Directors. The Compensation Committee may consider the Board of Directors’ Nominating and Governance Committee’s bi-annual review of the effectiveness of the operation of the Board of Directors and its committees in connection with the Compensation Committee’s review and recommendations with respect to the Company’s directors’ compensation.
5. The Compensation Committee may make recommendations to the Board of Directors on the Company’s executive compensation practices and policies, including the evaluation of performance by the Company’s executive officers and issues of management succession.
6. The Compensation Committee may make recommendations to the Board of Directors with respect to incentive compensation plans, including reservation of shares for issuance under employee benefit plans.

Annual Review

The Compensation Committee shall annually review its own charter (including the structure, processes and membership requirements of the Compensation Committee) and recommend any proposed changes to the Board of Directors for approval. In addition, the Compensation Committee shall annually review its own performance.

Meetings

The Compensation Committee will meet at least annually.

Outside Advisors

The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used by the Company to assist in the evaluation of CEO, other executive officer or Board of Directors compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

Minutes

The Compensation Committee will maintain written minutes of its meetings.

Reports

The Compensation Committee shall make reports to the Board of actions taken at its regular and/or special meetings.

Compensation

Members of the Compensation Committee shall receive such fees, if any, for their service as Compensation Committee members as may be determined by the Board of Directors in its sole discretion. Such fees may include, without limitation, retainers, per meeting fees and fees for service as Chair of the Compensation Committee. Fees may be paid in such form of consideration as is determined by the Board of Directors.

Members of the Compensation Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board of Directors or any committee thereof or as Chairman of the Board of Directors or Chair of any committee of the Board of Directors.

Delegation of Authority

The Compensation Committee may form and delegate authority to subcommittees when appropriate.