

Cautionary Note Regarding Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws, including, without limitation, statements regarding: Palm's expected fiscal year 2007 revenue, gross margin, operating margin, net margin, stock-based compensation expense, amortization of intangible assets and smartphone sell-through; Palm's long-term gross, operating and net margin models and drivers, operating expense targets, tax rate, days sales outstanding, inventory turns and days payables outstanding; Palm's profitability; profitability, growth, adoption and opportunity in the smartphone business; market segment growth; converged device unit forecast; applications and their adoption; Palm's international growth; Palm's ability to meet market demands, reach new customers and leverage its installed base; Palm's customer satisfaction and loyalty; Palm's investment strategy; Palm's cost management and trends and productivity plans; Palm's hardware architecture and components strategy; Palm's platform developments and their effect on product performance, reliability, stability, features, usability and development efforts; Palm's software developments; Palm's ODM relationships; Palm's product time-to-market; Palm's intellectual property; Palm's ability to leverage carrier relationships; Palm's product value; and Palm's stock repurchase strategy. These statements are subject to risks and uncertainties that could cause actual results and events to differ materially, including, without limitation, the following: fluctuations in the demand for Palm's existing and future products and services and growth in Palm's industries and markets; Palm's ability to meet the expectations of securities analysts or investors; Palm's ability to introduce new products and services successfully and in a cost-effective and timely manner; possible defects in products and technologies developed; Palm's dependence on wireless carriers and ability to meet wireless carrier certification requirements; Palm's reliance on a concentrated number of significant customers; Palm's ability to compete with existing and new competitors; Palm's ability to forecast demand for its products; Palm's reliance on third parties to sell and distribute its products; Palm's dependence on third parties to design, manufacture, distribute, warehouse and support its products; Palm's ability to timely and cost-effectively obtain components and elements of its technology from suppliers; Palm's ability to obtain other key technology from third parties free from errors and defects, integrate it with Palm's products and meet certification requirements, all on a timely basis; risks associated with international sales and operations; and the impact of increasingly stringent laws, standards and other regulatory requirements. A detailed discussion of these and other risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in Palm's most recent filings with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the fiscal quarter ended March 2, 2007 and its Annual Report on Form 10-K for the fiscal year ended June 2, 2006. Palm undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date on which this presentation was first made.

Non-GAAP Financial Measures

Palm utilizes a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall business performance, for making operating decisions and for forecasting and planning future periods. Palm considers the use of non-GAAP financial measures helpful in assessing its current financial performance, ongoing operations and prospects for the future. Ongoing operations are the ongoing revenue and expenses of the business, excluding certain costs that Palm does not anticipate to recur on a quarterly basis. While Palm uses non-GAAP financial measures as a tool to enhance its understanding of certain aspects of its financial performance, Palm does not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, Palm believes that disclosing non-GAAP financial measures to the readers of its financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial measures, allows for greater transparency in the review of its financial and operational performance. In assessing its business during the fiscal years 2003 through the third quarter of fiscal year 2007, Palm excluded or adjusted items in the following general categories, each of which are described below:

Acquisition-related Expenses. Palm excluded amortization of intangible assets and in-process research and development resulting from acquisitions to allow more accurate comparisons of its financial results to its historical operations, forward-looking guidance and the financial results of peer companies. In recent years, Palm has completed the acquisition of Handspring, the acquisition of the Palm® brand and the acquisition of other assets and technologies, which resulted in operating expenses that would not otherwise have been incurred. Palm believes that providing non-GAAP information for expenses related to acquisitions allows the users of its financial statements to review both the GAAP expenses in the period, as well as the non-GAAP expenses, thus providing for enhanced understanding of historic and future financial results and facilitating comparisons to peer companies. Additionally, had Palm internally developed these intangible assets or incurred the expenses related to the development of the in-process research and development, the amortization of intangible assets and the research and development expenses would have been expensed historically, and Palm believes the assessment of its operations excluding these costs is relevant to the assessment of internal operations and comparisons to industry performance.

Stock-based Compensation. Palm believes that the exclusion of non-cash stock-based compensation expense allows for more accurate comparisons of its operating results to peer companies. Further, Palm believes that excluding stock-based compensation expense allows for a more accurate comparison of its financial results to previous periods. In addition, Palm prepares and maintains its budgets and forecasts for future periods on a basis consistent with this non-GAAP financial measure.

Income Tax Provision (Benefit). Palm believes that excluding the partial reversal of the valuation allowance on its deferred tax assets during fiscal year 2006 provides its senior management as well as other users of its financial statements with a valuable perspective on the performance and health of the business. This partial reversal relates to realization of tax losses incurred in prior periods and is not indicative of current or future operations and expenses. Further, the Company believes that assuming a 40 percent effective tax rate provides a better indication of the income tax expense Palm will experience in future years. Prior to the partial reversal of the valuation allowance on its deferred tax assets, Palm's tax rate consisted primarily of foreign and state income taxes.

Other Expenses. Palm excludes certain other expenses that are the result of unplanned events to measure its operating performance. Included in these expenses are items such as restructuring charges, legal settlements and employee separation costs. Palm assesses its operating performance excluding restructuring charges, legal settlements and employee separation costs as these amounts relate to costs that are unplanned and are not expected to recur on a quarterly basis. Therefore, by providing this information Palm believes its management and the users of its financial statements are better able to understand the financial results of what Palm considers to be its current financial performance, ongoing operations and prospects for the future.

Impairment Charges. Palm believes that the exclusion of non-cash charges related to the impairment of assets allows for more accurate comparisons of its operating results to peer companies who may not have experience directly comparable charges. For example, in fiscal year 2003, Palm reported an impairment charge to adjust the carrying cost of the land to its then current fair market value. Palm also believes excluding impairment charges allows for a more accurate comparison of its financial results to previous periods in which such charges have not occurred. In addition, Palm prepares and maintains its budgets and forecasts for future periods on a basis consistent with this non-GAAP financial measure.

Each of the non-GAAP financial measures described above, and used in this presentation, should not be considered in isolation from, or as a substitute for, a measure of financial performance prepared in accordance with GAAP. Further, investors are cautioned that there are inherent limitations associated with the use of each of these non-GAAP financial measures as an analytical tool. In particular, these non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and many of the adjustments to the GAAP financial measure reflect the exclusion of items that are recurring and will be reflected in the Company's financial results for the foreseeable future. In addition, other companies, including other companies in Palm's industry, may calculate non-financial measures differently than Palm does, limiting their usefulness as a comparative tool. Palm compensates for these limitations by providing specific information in the reconciliations included in its earnings press releases and with

its earnings call transcripts posted on its investor relations website regarding the GAAP amounts excluded from the non-GAAP financial measures. In addition, as noted above, Palm evaluates the non-GAAP financial measures together with the most directly comparable GAAP financial information.

Cautionary Note Regarding Reported Sell-Through

Palm generally records revenues for its smartphone products based on sell-in to carriers and other distributors. To facilitate investors' understanding of end-user demand for the company's products, Palm also reports smartphone sell-through information in this presentation. Palm relies on reports from carriers and other distributors for its smartphone sell-through and inventory information. This information is subject to variance, and Palm can not assure investors of its accuracy, although Palm believes it to be accurate in all material respects.