

**Palm, Inc.**  
**Charter of the Audit Committee**  
**of the Board of Directors**

**(Amended and Restated Effective as of April 26, 2007)**

**Purpose**

The purpose of the Audit Committee (the “Audit Committee”) of the Board of Directors (the “Board of Directors”) of Palm, Inc. (the “Company”) shall be to: (a) oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company; (b) assist the Board of Directors in oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the registered public accounting firm’s qualifications, independence and performance, and (iv) the Company’s internal accounting and financial controls; (c) prepare the report that the rules of the Securities and Exchange Commission (“SEC”) require to be included in the Company’s proxy statement for the annual meeting of the Company’s stockholders; (d) provide the Company’s Board of Directors with the results of its monitoring and recommendations derived therefrom; and (e) provide to the Board of Directors such additional information and materials as it may deem necessary to make the Board of Directors aware of significant financial matters that require the attention of the Board of Directors. In addition, the Audit 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 Audit Committee shall be composed of at least three directors of the Company. The members of the Audit Committee will be appointed by the Nominating and Governance Committee of the Board of Directors and will serve at the discretion of the Board of Directors. The members of the Audit Committee shall be independent directors under the rules of the Nasdaq Stock Market, as determined by the Board of Directors, and shall be independent under the Sarbanes-Oxley Act of 2002 (the “Act”) and the rules and regulations of the SEC promulgated thereunder, except as otherwise permitted by applicable law and the rules of the Nasdaq Stock Market. In accordance with the Act and SEC rules and regulations, members of the Audit Committee may not receive any fees from the Company other than fees for Board and committee service. No member of the Audit Committee may have participated in the preparation of the financial statements of the Company or any of the Company’s current subsidiaries during the preceding three years.

In addition, in accordance with the rules of the Nasdaq Stock Market, each member of the Audit Committee must be able to read and understand fundamental financial statements (including a company’s balance sheet, income statement and cash flow statement). At least one member of the Audit Committee shall be an “audit committee financial expert” (as such term is defined by SEC rules).

**Responsibilities**

The responsibilities of the Audit Committee shall include the following:

1. Review the Company's internal audit plan, the results of each internal audit, and the appointment and replacement of the senior internal auditing executive.
2. Review the registered public accounting firm's proposed audit scope, approach and independence.
3. Appoint and submit for ratification by the Company's stockholders, compensate, retain, oversee, determine the funding for, evaluate and, where appropriate, replace the registered public accounting firm (including attempting to resolve disagreements between management and the registered public accounting firm) engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services and to comply with Section 301 of the Act and the rules and regulations promulgated by the SEC thereunder. Such registered public accounting firm shall report directly to the Audit Committee.
4. Pre-approve audit and permissible non-audit services provided to the Company by the registered public accounting firm (or subsequently approve and ratify non-audit services in those circumstances where a subsequent approval is necessary and permissible); in this regard, the Audit Committee shall have the sole authority to approve the hiring and firing of the registered public accounting firm, all audit engagement fees and terms and all non-audit engagements, as may be permissible, with the registered public accounting firm.
5. Review the results of each audit, including any qualifications of the registered public accounting firm's opinion, any related management letter, any significant suggestions for improvements to management by the registered public accounting firm, management's responses to recommendations made by the registered public accounting firm in connection with the audit, reports submitted to the Audit Committee by the internal auditing department that are material to the Company as a whole, and management's responses to those reports.
6. Review and evaluate the senior members of the registered public accounting firm's team, in particular, the lead audit and reviewing partners.
7. Establish a policy regarding the hiring of current or former employees of the registered public accounting firm.
8. Review on a continuing basis the adequacy and effectiveness of the Company's system of internal control over financial reporting, including meeting periodically with the Company's management and the registered public accounting firm to review the adequacy and effectiveness of internal control over financial reporting and to review, before release, the disclosure regarding internal control over financial reporting required under SEC rules to be contained in the Company's periodic reports

and the attestations or reports by the registered public accounting firm relating to such disclosure.

9. Review the adequacy and effectiveness of the Company's disclosure controls and procedures, including meeting periodically with the Company's management to review the adequacy and effectiveness of such controls.
10. Consider major changes and other major questions of choice regarding the appropriate auditing and accounting principles and practices to be followed when preparing the Company's financial statements.
11. Review the procedures employed by the Company in preparing published financial statements and related management commentaries.
12. Oversee and review the Company's risk assessment and risk management policies and major risk exposures.
13. Take appropriate action to oversee the independence of the registered public accounting firm. At least annually, (i) obtain a formal written statement from the registered public accounting firm setting forth all relationships between the registered public accounting firm and the Company and any other relationships that, in the registered public accounting firm's judgment, may reasonably be thought to bear on independence, consistent with Independence Standards Board Standard No. 1, as adopted by the Public Company Accounting Oversight Board ("PCAOB"), and (ii) actively engage in a dialogue with the registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the registered public accounting firm.
14. Direct the registered public accounting firm to review, before filing with the SEC, the Company's interim and annual financial statements included in Quarterly and Annual Reports on Form 10-Q and Form 10-K, using professional standards and procedures for conducting such reviews.
15. Review any reports submitted by the registered public accounting firm, including the report relating to (i) all critical accounting policies and practices used, (ii) all alternative treatments of financial information within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the registered public accounting firm, and (iii) other material written communications between the registered public accounting firm and management, such as any management letter or schedule of unadjusted differences.
16. At least annually, obtain and review a report by the registered public accounting firm describing the registered public accounting firm's internal quality control procedures, any material issues raised by the most recent internal quality-control review, or peer

review, of the registered public accounting firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the registered public accounting firm, and any steps taken to deal with any such issues.

17. Review earnings press releases and generally discuss earnings press releases as well as financial information and earnings guidance, paying particular attention to the use of “pro forma” or “adjusted” non-GAAP financial information.
18. Oversee compliance with SEC requirements for disclosure of the registered public accounting firm’s services and audit committee members, member qualifications and activities.
19. Discuss with the registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as it may be modified or supplemented, and as adopted by the PCAOB.
20. Review and discuss with management and the registered public accounting firm the annual audited financial statements, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” prior to filing with the SEC the Company’s Annual Report on Form 10-K in which they are included.
21. Review and discuss with management and the registered public accounting firm the quarterly unaudited financial statements and review the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” prior to filing with the SEC the Company’s Quarterly Reports on Form 10-Q in which they are included.
22. Provide a report in the Company’s proxy statement in accordance with applicable SEC rules.
23. Serve as a channel of communication between the registered public accounting firm and the Board of Directors and between the senior internal auditing executives and the Board of Directors.
24. Report to the Board of Directors on the Audit Committee’s review of the Company’s financial statements and any disagreements or significant disputes between management and the registered public accounting firm that arose in connection with the preparation of those financial statements.
25. Oversee the Company’s policies and procedures regarding compliance with law (including the Foreign Corrupt Practices Act) and with significant corporate policies and make recommendations to the Board of Directors concerning these matters.
26. Review, approve and oversee the Company’s standards and codes of ethics and conduct.

27. Meet periodically with management to provide guidance concerning major capital expenditures, infrastructure investments, financial strategies and special projects and other significant financial matters.
28. Review, in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statements.
29. Oversee and review the Company's policies regarding information technology and management information systems.
30. If necessary, institute special investigations with full access to all books, records, facilities and personnel of the Company.
31. Establish and oversee procedures for receiving, retaining and handling complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
32. Review and approve all related person transactions (as defined in applicable SEC rules) for which audit committee approval is required by applicable law or the rules of the Nasdaq Stock Market. Establish policies and procedures for the review, approval and ratification of related person transactions.
33. Perform such other duties as may be requested by the Board of Directors.

### **Annual Review**

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

### **Meetings**

The Audit Committee will meet at least quarterly. The Audit Committee may establish its own schedule, which it will provide to the Board of Directors in advance.

The Audit Committee will meet separately, at least quarterly, with each of management, the internal auditors, the general counsel and the registered public accounting firm.

### **Outside Advisors**

The Audit Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors, as it deems necessary to carry out its duties. The Company shall provide for the appropriate funding, as determined by the Audit Committee, for payment of: (i) compensation to any such advisors engaged by the Audit Committee; (ii) compensation to the registered public accounting firm employed by the Company for the purpose of

preparing or issuing an audit report or performing other audit, review or attest services; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

### **Minutes**

The Audit Committee will maintain written minutes of its meetings.

### **Reports**

The Audit Committee will make regular reports to the Board of Directors with respect to its activities.

### **Compensation**

Members of the Audit Committee shall receive such fees, if any, for their service as Audit 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 Audit Committee. Fees may be paid in such form of consideration as is determined by the Board of Directors.

### **Delegation of Authority**

The Audit Committee may form and delegate authority to subcommittees when appropriate. In addition, the Audit Committee may delegate to one or more designated members of the Audit Committee who are independent directors the authority to pre-approve any transaction for which such delegation is permissible under applicable law and the rules of the Nasdaq Stock Market, provided that such pre-approval decision is subsequently presented to the full Audit Committee at its scheduled meetings.