

PALM, INC.
WORLDWIDE CODE OF BUSINESS CONDUCT AND ETHICS

1. Introduction

Palm, Inc. is committed to the highest standards of legal and ethical conduct. In support of this commitment, Palm has adopted this Worldwide Code of Business Conduct and Ethics. This Code applies to all employees of Palm and its subsidiaries, members of Palm’s Board of Directors, and contractors, consultants and other agents when they are representing or acting on behalf of Palm. Palm has additional policies that supplement the policies in this Code. These policies are contained in Palm’s Handbook: Employee Standards and Guidelines or posted on Palm’s intranet site.

2. Raising Questions and Reporting

No code or policy can anticipate every situation or provide definitive answers to all questions that may arise. Accordingly, this Code is intended to highlight areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, and establish mechanisms to report unethical conduct. Each of us is responsible for adhering to the standards in this Code, for raising questions if we are in doubt about the best course of action, and for reporting possible misconduct promptly after it comes to our attention.

Raising questions

Unless a particular provision of this Code directs otherwise, if you have questions about this Code, you can contact your manager, the Vice President through whom you report or any of the following:

Human Resources	Tom Baker, Vice President Human Resources Liza Cuevas, Director Human Resources Stacy Murphy, Director Corporate Employee Relations
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Legal Department	Mary E. Doyle, Senior Vice President and General Counsel Bob Booth, Associate General Counsel Jonathan Shanberge, Associate General Counsel
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Reporting

You can report concerns or possible misconduct (including complaints or concerns about accounting, internal accounting controls or auditing matters) by contacting Palm’s General Counsel, Chief Financial Officer or Audit Committee chair, or through Palm’s hotline, EthicsPoint, by:

- going to the EthicsPoint website and typing “Palm” in the box that says, “To File a Report Now”; or

- calling EthicsPoint toll-free at 1-866-ETHICS-P (866-384-4277).

You can make a report anonymously through EthicsPoint, although you are encouraged to provide your name to facilitate investigation and follow-up. All reports will be kept confidential to the extent practical, except where disclosure is required to investigate a report or by applicable law or legal process.

Members of the Board should contact Palm's General Counsel, the Chairman of the Board or the chair of the Audit Committee.

It is important that Palm be made aware of circumstances that may indicate possible violations of law or this Code. Palm and applicable law prohibit any form of retaliation for raising concerns or reporting possible misconduct in good faith or for assisting in the investigation of possible misconduct.

3. Investigating and Addressing Possible Misconduct

Reports of possible misconduct will be taken seriously and investigated promptly and thoroughly. Where a violation of this Code is determined to exist, appropriate disciplinary action will be taken, up to and including termination of service with Palm.

4. Compliance with Laws

It is Palm's policy to conduct its business in accordance with all applicable laws, rules and regulations of the United States and all countries in which Palm does business. Palm expects you to carry out your responsibilities on behalf of Palm in accordance with the law and to refrain from illegal conduct.

No individual is expected to know the details of all applicable laws, but individuals should be knowledgeable about specific laws, rules and regulations that apply to their areas of responsibility. Individuals who have questions about whether particular circumstances may involve illegal conduct, or about specific laws that may apply to their activities, should consult the Legal Department.

5. Insider Trading

The U.S. federal securities laws prohibit insider trading – that is, buying or selling a company's securities at a time when a person has "material nonpublic information" about the company or the market for the company's securities. "Material nonpublic information" includes information that is not available to the public at large that could affect the market price of Palm's or another company's securities and that a reasonable investor would consider important in deciding whether to buy, sell or hold the securities. Insider trading is a crime punishable by civil penalties of up to three times the profit gained or losses avoided on a transaction, criminal fines of up to \$5 million, and up to 20 years in prison. Companies may also face civil penalties, up to the greater of \$1.275 million, or three times the profit gained or losses avoided, for insider trading violations by their employees and other agents.

If, during the course of your work for Palm, you come into possession of material nonpublic information about Palm or another company with which Palm either has or is contemplating a relationship, you may not buy or sell the securities of that company. In addition, you may not convey material nonpublic information about the company to others. You also may not suggest that anyone purchase or sell a company's securities while you are aware of material nonpublic information about that company. This practice, known as “tipping,” also violates the U.S. securities laws and can result in the same civil and criminal penalties that apply if you engage in insider trading directly, even if you do not receive any money or derive any benefit from trades made by persons to whom you passed material nonpublic information. For more detailed information about insider trading, see the Insider Trading Compliance Program on Palm’s intranet site.

As part of its Insider Trading Compliance Program, Palm imposes trading blackout periods during which employees, including executive officers, and members of the Board of Directors may not trade in Palm securities. In addition, engaging in “short sales” of Palm securities (that is, transactions that permit an individual to benefit from a decline in Palm’s stock price) is prohibited. For more detailed information about these subjects, see the Insider Trading Compliance Program on Palm’s intranet site.

6. Conflicts of Interest

You should avoid business and personal situations that may give rise to a conflict of interest. A “conflict of interest” occurs when an individual’s own interests (including the interests of a family member or an organization with which an individual has a significant relationship) interfere or appear to interfere with the interests of Palm. Because conflicts of interest may not always be clear-cut, you are encouraged to raise questions about particular situations. You should consult Human Resources or the Legal Department for guidance. Members of the Board should contact the chair of the Audit Committee.

Examples of the types of circumstances that may possibly create a conflict of interest include:

- Working for, or serving as a director of, a Palm competitor, customer or business partner (such as a supplier, distributor, reseller, dealer or manufacturer) while employed at Palm. You should not serve on the board of directors of a Palm competitor. Employees may serve as a director of a Palm customer or other business partner with the prior approval of Palm’s General Counsel or Chief Executive Officer.
- Having a business or financial interest in a Palm competitor, customer or business partner (other than an interest of less than 1% of the outstanding securities of a public company).
- Having a direct or indirect interest in a company with which Palm does or is contemplating doing business, or in a transaction where Palm is or may become a party (other than an interest of less than 1% of the outstanding securities of a public company).

- Working in the same department at Palm as a family member or person with whom you have an intimate personal relationship or having a supervisor/subordinate or other reporting relationship at Palm with a family member or other person with whom you have an intimate personal relationship.
- Having Palm do business with family members of individuals who are employed at Palm.

Addressing conflicts of interest

Many conflicts of interest or potential conflicts of interest may be resolved or avoided if they are appropriately disclosed and approved. In some instances, disclosure may not be sufficient and Palm may require that the conduct in question be stopped or that actions taken be reversed where possible. You should disclose any situation, transaction or relationship that may give rise to an actual or potential conflict of interest to your manager, Human Resources or the Legal Department. Executive officers should report actual or potential conflicts to the General Counsel, and members of the Board of Directors should report actual or potential conflicts to the chair of the Audit Committee.

Personal benefits

Receiving personal benefits as a result of your position with Palm may also create a conflict of interest. The acceptance of gifts from individuals or organizations that do business or are seeking to do business with Palm is addressed below under “Gifts and Gratuities.”

Business opportunities

You should not take for yourself a potential business opportunity in which you can reasonably anticipate that Palm may have an interest or that is discovered through the use of Palm property or information or through your position with Palm.

7. Protecting Sensitive Information

Palm information

Palm’s confidential information is a valuable asset that should be protected. You are expected to protect the confidentiality of Palm’s information, to use Palm’s confidential information only for business purposes, and to limit dissemination of Palm’s confidential information (both inside and outside Palm) to those who have a need to know the information for business purposes.

As a condition of employment with Palm, employees are required from time to time to sign an agreement acknowledging their obligations with respect to confidential information and agreeing to abide by those obligations. The agreement may contain additional provisions, beyond those included in this Code, relating to confidentiality requirements.

Before sharing any Palm confidential information with a third party, an appropriate written nondisclosure agreement should be signed. You should not sign a third party's nondisclosure agreement or accept changes to Palm's standard nondisclosure agreements without review and approval by the Legal Department. For more detailed information about protecting sensitive information, see the nondisclosure agreement and information security policies on the Legal Department page of Palm's intranet site.

Confidential information that belongs to other companies

You are also expected to protect the confidentiality of information that comes to you, from whatever source, in the course of performing your responsibilities for Palm. This includes information received from or relating to third parties with which Palm has or is contemplating a relationship. Care should be taken to handle third-party information responsibly and in accordance with any agreements Palm has with these parties. Third-party information should be used only for the specific purposes for which it was disclosed, and dissemination of third-party information should be limited to those within Palm, and its advisers, who have a need to know the information.

You should not accept information offered by a third party that is represented as confidential, or which appears from the context or circumstances to be confidential, unless an appropriate nondisclosure agreement has been signed with the party offering the information in accordance with Palm's policy on nondisclosure agreements.

You should not attempt to obtain a third party's confidential information by improper means. Although Palm may, from time to time, hire former employees of our competitors, we recognize and respect the obligations of those employees not to use or disclose the confidential information of their former employers.

8. Protection and Proper Use of Assets

Palm assets (including funds, time, materials, equipment, intellectual property and facilities) are valuable resources that should be used primarily for Palm business purposes. You should care for and use Palm assets responsibly and protect them from misuse, improper disclosure, theft and destruction. For more detailed information about handling Palm assets, see "Use of Company Resources & Equipment" in Palm's Handbook: Employee Standards and Guidelines, and Palm's IT Security Policies, which address your responsibilities with respect to the protection of Palm information systems and are available on Palm's intranet site.

9. Maintaining Books and Records; Public Reporting

Employees are expected to maintain books and records in appropriate detail to reflect Palm's transactions accurately, fairly and completely. Palm's policy of accurate, fair and complete recordkeeping applies to all company records.

Documentation relating to a transaction should fully and accurately describe the nature of the transaction. Palm prohibits the use of “side letters” or “side agreements” with customers or vendors, whether written or oral, that are intended to circumvent, alter or revise material terms of current or previous purchase orders or contracts without appropriate internal disclosure or proper authorization. You should report the existence of any such side letter or agreement to Palm’s General Counsel or Chief Financial Officer.

As a public company, Palm files financial statements and other information with the U.S. Securities and Exchange Commission and files information with other governmental and regulatory agencies. Employees are responsible for the accurate and complete reporting of financial information within their respective areas of responsibility and for the timely notification to senior management of financial and non-financial information that may be material to Palm. Reports and documents that Palm files with or submits to the Securities and Exchange Commission, and other public communications, should contain full, fair, accurate and timely disclosure.

You can report concerns about accounting, internal accounting controls, auditing matters or other financial, governmental or regulatory disclosure by contacting Palm’s General Counsel, Chief Financial Officer or Audit Committee chair, or through Palm’s hotline, EthicsPoint.

10. Relationships with Customers and Suppliers

If your work for Palm puts you in contact with Palm customers or potential customers, it is critical for you to remember that you represent Palm in your dealings with them. You are expected to deal fairly with customers and to act in a manner that creates value for customers and helps build a relationship based upon trust. Palm has built up significant goodwill through many years of providing products and services, and you should act to preserve and enhance our reputation.

Palm’s suppliers make significant contributions to our success. To foster an environment where our suppliers have an incentive to work with Palm, they should be confident that they will be treated fairly. Palm selects suppliers based on the merits of their products and services, Palm’s needs, and price and other terms and conditions, and seeks to select significant suppliers through a competitive bid process where possible.

11. Dealing with the Government and Government Officials

When Palm does business with the government of the United States or other countries, additional laws and regulations related to government contracting apply. When Palm enters into contracts with a government, it administers these contracts, and delivers its products and services, in a manner that complies with applicable government contracting laws and regulations.

U.S. government rules on gifts and other gratuities are very restrictive. You should not offer or give a gift or gratuity to a government employee. When dealing with foreign officials, you must comply with the Foreign Corrupt Practices Act, which is discussed below under “Anti-corruption.”

Special conflict-of-interest rules apply to hiring or retaining U.S. government officials as employees or consultants. There are many “revolving door” laws that apply to U.S. government employees and officials. These “revolving door” laws not only restrict the employment of current U.S. government employees and officials outside the U.S. government, but also prohibit certain activities by U.S. government employees and officials after they leave government service. In some cases, even discussions with current U.S. government employees and officials of possible employment after they leave government service are prohibited.

In addition, you should not enter into a contract or agreement on behalf of Palm with any business in which a government official holds a significant interest without the prior approval of the General Counsel.

Individuals involved in dealings with government entities are expected to have a basic knowledge of the laws and regulations that apply to their activities. If you have questions about these laws and regulations, you should contact the Legal Department.

12. Antitrust and Competition

Antitrust and competition laws are designed to encourage and protect free and fair competition. These laws exist in the United States and in other countries where Palm does business and apply to Palm’s relationships with competitors, customers, and “channel members” such as distributors, resellers and dealers. Antitrust and competition laws generally prohibit practices that include:

- Agreements or arrangements between competitors that eliminate or restrict their competition with each other, such as price fixing, bid rigging, allocations of customers or territories, or agreements not to deal with third parties;
- Other practices, such as exclusive dealing, price discrimination, “tying” (conditioning the sale of a product on the purchase or sale of another product), or resale price maintenance (conditioning the sale of a product on a buyer’s agreement to obtain a minimum price upon resale), in circumstances where these practices have an unreasonable impact on competition; and
- Disparaging or misrepresenting competitors’ products, and stealing trade secrets.

Palm competes vigorously in the marketplace, but is committed to doing so in a manner that is fair, honest, ethical and legal. Employees are expected to conduct their activities on behalf of Palm in a manner consistent with applicable antitrust and competition laws. Contacts with competitors should be limited and discussion with competitors of subjects such as prices or other terms and conditions of sale, customers and suppliers should be

avoided. Although channel members are important to Palm's business, they may also be competitors of Palm and, as such, Palm's relationships with channel members are subject to antitrust and competition laws.

Individuals involved in any dealings with competitors are expected to have a basic knowledge of the antitrust and competition laws that apply to their activities. Questions about particular circumstances should be brought to the attention of the Legal Department.

13. Intellectual Property

Palm respects the intellectual property rights of others. You are expected to conduct your activities on behalf of Palm in a manner consistent with applicable intellectual property laws. Materials (for example, software, third-party logos and documents obtained from the Internet such as protocols, coders/decoders (CODECS) and industry technical specifications), which are protected by copyright, trademark or other such intellectual property rights and used to conduct Palm business (whether internal activities or activities commercial in nature), should be appropriately licensed. Any such licenses (including written agreements or click-to-accept agreements, whether embedded within the software or required to be accepted on the Internet before obtaining access to the materials) should be reviewed and approved by the Legal Department before acceptance, particularly if such materials will be used to develop or will be incorporated in Palm products or services. Any questions regarding whether a license is needed should be directed to the Legal Department. Care should be taken to handle third-party proprietary information responsibly and in accordance with any agreements Palm has with these parties. For additional information, see Palm's IT Security Policies, which are available on Palm's intranet site.

14. Anti-corruption

No one acting on behalf of Palm may use bribes, kickbacks or other corrupt practices in conducting Palm's business. You must comply with the Foreign Corrupt Practices Act whether you are located in the United States or abroad. The Foreign Corrupt Practices Act is a U.S. law that generally prohibits giving, offering or promising anything of value to a foreign official, or a foreign political party, candidate or official, for the purpose of influencing them to misuse their official capacity in order to obtain or keep business or direct business to anyone, or gain an improper advantage.

15. Export Controls and Other Trade Restrictions

The United States maintains controls on the destinations to which products and software can be exported. The U.S. regulations are complex and apply both to exports from the United States, and to exports of products from other countries when those products contain U.S.-origin components or technology. Software created in the United States is subject to these regulations even if it is duplicated and packaged abroad. In some circumstances, presenting technical data to foreign nationals in the United States or a foreign country may constitute a controlled export (even though the foreign nationals are

in the United States or a country that is a permitted destination for Palm products). Similarly, access by foreign nationals to certain technology may also constitute a controlled export. Palm's Tax and Trade Department can provide you with guidance on which countries are prohibited destinations for Palm products and on the provision of technical data and other technology to foreign nationals.

The United States has restrictions in place that ban doing business with certain countries, their governments and nationals, and certain "Specially Designated Nationals and Blocked Persons" – that is, individuals and organizations associated with embargoed countries or subject to trade restrictions for other reasons, as identified on a list maintained by the U.S. government. No one acting on behalf of Palm may be involved in business arrangements or otherwise engage in transactions with or involving sanctioned countries in violation of U.S. laws and regulations. In addition, no one acting on behalf of Palm may engage, directly or indirectly, in transactions with "Specially Designated Nationals and Blocked Persons." If you have questions about these restrictions, you should contact Palm's Tax and Trade Department or Legal Department.

16. Gifts and Gratuities

Actions taken on behalf of Palm should be free from any suggestion that favorable treatment was sought by, received from, or given to individuals or organizations that do business or are seeking to business with Palm. You may not solicit or accept gifts, money, services or anything else of value when doing so may influence, or be perceived as influencing, a decision or action. Similarly, you may not offer or give gifts, money, services or anything else of value when doing so may influence, or be perceived as influencing, a decision or action.

Gifts of nominal value (generally under \$50 or the local equivalent), business meals, celebratory events and entertainment are permitted, provided that they are not frequent or excessive. Common-sense determinations as to what is "excessive" should be made consistent with reasonable marketplace practices. In recognition of the fact that customs may differ internationally, gifts or gratuities may be permitted consistent with local customs upon review and approval by Palm's General Counsel or Vice President of Human Resources.

Questions about whether particular gifts or gratuities are consistent with this Code should be directed to Human Resources or the Legal Department.

17. Political Contributions and Activities

Palm's funds and other assets may be used for, or contributed to, political campaigns only in accordance with applicable laws governing political contributions and with the prior written approval of Palm's General Counsel or Chief Financial Officer. Under U.S. law, Palm may not contribute corporate funds or assets to candidates for federal offices. State and local laws also govern political contributions and activities, and similar laws exist in other countries.

You are free to participate in the political process, but you may not do so in a manner that interferes with your responsibilities to Palm, creates the impression that you are speaking or acting for Palm, or implies Palm's endorsement of your activities.

18. Waivers

Waivers of this Code will be granted only in exceptional circumstances. Waivers of a Code provision for directors and executive officers must be approved in writing by the Board of Directors or its designated committee composed solely of independent directors and promptly disclosed in accordance with applicable law. Waivers for other individuals must be approved in writing by Palm's General Counsel or Chief Executive Officer.

Last updated: July 14, 2005