

Palm Secures Additional \$100 Million Equity Investment From Elevation Partners

SUNNYVALE, Calif., Dec. 22, 2008 -- Palm, Inc. (NASDAQ:PALM) today announced that Elevation Partners has agreed to make an additional \$100 million equity investment in Palm. Under a definitive agreement reached today, Elevation will increase its investment in Palm by acquiring newly issued Series C preferred stock that is convertible into Palm common stock at a price of \$3.25 per share, a 31 percent premium to the closing price of Palm common stock on Dec. 19, 2008. The Series C preferred stock carries a 0% dividend rate. Elevation will also receive warrants to acquire 7 million shares of Palm common stock at the same price. Prior to March 31, 2009, Palm may elect to cause Elevation to sell up to \$49 million of this new investment to other investors on the same or better terms than on which Elevation invested.

“The additional capital from Elevation Partners will enable us to put added momentum behind the new product introductions scheduled for 2009 and will provide us with enhanced stability in unsettled economic times,” said Ed Colligan, president and chief executive officer of Palm, Inc. “Elevation has been a great partner to Palm, and we appreciate their continued confidence and support.”

“We believe that Palm is in a position to transform the cell phone industry, and we are pleased to have the opportunity to make this additional investment in the company. Palm has an industry-leading team and an exciting, differentiated product roadmap. We are proud to be associated with the company and look forward to great things from Palm in 2009 and beyond,” stated Roger McNamee, co-founder of Elevation Partners.

The transaction is expected to close by Jan. 31, 2009, subject to customary closing conditions.

Cautionary Statement

This press release is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offering, solicitation or sale would be unlawful. [The securities referenced herein](#) may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Forward-Looking Statements

This press release includes forward-looking statements that are based on certain assumptions and reflect our current expectations. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to differ materially from any future results, performance, or achievements discussed or implied by such forward-looking statements. These forward-looking statements include statements regarding the consummation of the equity investment in Palm by Elevation, the adequacy of the Elevation investment to enable Palm to put [added momentum behind](#) new product introductions and enhance stability, Palm's ability to transform the cell phone industry, Palm's differentiated [product](#) roadmap and the timing of the closing of the transaction. The risks associated with such forward-looking statements include the risk that the proposed transaction may not be completed in a timely manner, if at all, [the](#) potential need for additional capital, Palm's ability to introduce new products successfully, Palm's ability to compete with existing and new competitors, and other risks, some of which are discussed in Palm's reports filed with the Securities and Exchange Commission under the caption Risk Factors and elsewhere, including Palm's quarterly report on Form 10-Q for the quarter ended Aug. 29, 2008. Any forward-looking statement is qualified by reference to these risks, uncertainties and factors. Forward-looking statements speak only as of the date of the document in which they are made. These risks, uncertainties and factors are not exclusive, and Palm undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this press release, except as required by law.

About Elevation Partners

Elevation Partners is a \$1.9 billion private equity firm that makes large-scale investments in market-leading media, entertainment, and consumer-related businesses where it can partner with management to enhance growth and profitability through a combination of strategic capital and operational insight. Its investment team has a unique combination of media, entertainment, and technology expertise and relationships; investing experience; and operating knowledge. Elevation's five partners are Fred Anderson, former EVP and CFO of Apple; Bret Pearlman, former senior managing director of The Blackstone Group; Marc Bodnick, a founding principal of Silver Lake Partners; Roger McNamee, co-founder of Silver Lake Partners and Integral Capital Partners; and Bono, lead singer and co-founder of the rock band U2. For more information, visit <http://www.elevation.com>.

About Palm, Inc.

Palm, Inc. is a leading mobile products company, creating instinctive yet powerful mobile products that enable people to better manage their lives on the go. The company's products for consumers, mobile professionals and businesses include Palm® Treo™ and Centro™ smartphones and Palm handheld computers, as well as software, services and accessories.

Palm products are sold through select Internet, retail, reseller and wireless operator channels throughout the world, and at Palm online stores (<http://www.palm.com/store>).

More information about Palm, Inc. is available at <http://www.palm.com>.

#

Palm, Treo and Centro are among the trademarks or registered trademarks owned by or licensed to Palm, Inc. All other brand and product names are or may be trademarks of, and are used to identify products or services of, their respective owners.

CONTACTS:

PR2008-CORP19

For Palm:

Investors:

Teri Klein

Vice President, Investor Relations

Palm, Inc.

teri.klein@palm.com

408.617.8825

Media:

Lynn Fox

Vice President, Corporate Communications

Palm, Inc.

lynn.fox@palm.com

408.617.7451

For Elevation:

Paul Kranhold or Ron Low

Sard Verbinnen & Co.

pkranhold@sardverb.com

415.618.8750