

INPUT & Z SCORE DATA

Palm
Consolidated Statements
Annual Periods
Audited
(in millions)
US \$

Period ending date	05/31/05	05/31/06	05/31/07	05/31/08	05/31/09
Cash & Equivalents	128	114	128	177	152
Accounts Receivable	140	204	204	116	67
Inventory	36	58	39	68	20
Current Assets	553	950	938	540	354
Total Assets	950	1,488	1,548	1,180	643
Accounts Payable	136	185	196	162	106
STD in Current Liabilities	0	35	0	4	4
Current Liabilities	322	497	481	411	342
Long Term Debt	35	0	0	394	396
Total Liabilities	369	504	486	1,069	1,057
Retained Earnings	-824	-488	-432	-538	-1,270
Total Equity	581	984	1,062	111	-414
Sales	1,270	1,579	1,561	1,319	736
Cost of Revenue	879	1,058	985	917	576
EBIT - Earnings Before Int & Tax	81	117	92	-138	-303
Interest Exp	0	0	0	20	25
EAT - Earnings After Tax	66	336	56	105	-732
Deprec & Amort Exp	25	22	22	38	35
Cash Dividends					
Repurchase of capital stock					

Z Score Private/Public Model

Period ending date	05/31/05	05/31/06	05/31/07	05/31/08	05/31/09
Score	0.99	3.51	3.72	-1.45	-9.89
Equivalent Rating	B	A	A+	CCC-	D

Rating & Score by Category

	Rating	Score	Rating	Score	Rating	Score	Rating	Score	Rating
Working Capital	AAA	1.5951	AAA	1.9971	AAA	1.9366	BBB	0.7172	CCC+
RE	D	-2.8276	CCC-	-1.0691	CCC+	-0.9098	CCC-	-1.4863	D
EBIT	BBB	0.5730	BBB-	0.5284	B+	0.3994	D	-0.7859	D
Equity	AAA	1.6533	AAA	2.0500	AAA	2.2944	B-	0.1090	D

Category Percent

WC/TA	24.32%	30.44%	29.52%	10.93%	1.87%
RE/TA	-86.74%	-32.80%	-27.91%	-45.59%	-197.51%
EBIT/TA	8.53%	7.86%	5.94%	-11.69%	-47.12%
Equity/TL	157.45%	195.24%	218.52%	10.38%	-39.17%

Z score evaluates liquidity, leverage, profitability and solvency using ratio analysis. Applicable to all industry sectors outside of financial services, public or private co"s. Scoring is calibrated to the S&P bond rating classifications: AAA through D (Default). Each class may have a plus or minus indicating further strength or weakness within the classification. BBB is the lowest rating class considered investment grade. CCC and below indicates severe distress or default. The approximate breakdown of US companies by rating class: 33% BBB or higher, 17% BB, 33% B and 17% CCC or lower. Scores and classifications allow each user to quantify and choose cutoff points appropriate for their operations.

A total score of 2.60 is needed for a (BBB) rating.

Individual category (BBB) percents required are as follows: WC/TA (10.3%); RE/TA (18.40%); EBIT/TA (8.00%); Equity/TL (6.36%) or Total Leverage of (2.57)

CONDENSED INCOME STATEMENT

Palm
Consolidated Statements
Annual Periods
(in millions)
US \$

Period ending date	05/31/05		05/31/06		05/31/07		05/31/08		05/31/09	
Revenue	1,270	100.00%	1,579	100.00%	1,561	100.00%	1,319	100.00%	736	100.00%
Cost of Revenue	879	69.21%	1,058	67.00%	985	63.10%	917	69.52%	576	78.26%
Gross Margin	391	30.79%	521	33.00%	576	36.90%	402	30.48%	160	21.74%
SG&A Expense	310	24.41%	404	25.59%	484	31.01%	540	40.94%	463	62.91%
EBIT	81	6.38%	117	7.41%	92	5.89%	-138	-10.46%	-303	-41.17%
Interest Expense	0	0.00%	0	0.00%	0	0.00%	20	1.52%	25	3.40%
Tax & Other Exp (Inc)	15	1.18%	-219	-13.87%	36	2.31%	-263	-19.94%	404	54.89%
Earnings After Tax	66	5.20%	336	21.28%	56	3.59%	105	7.96%	-732	-99.46%

CONDENSED BALANCE SHEET

Palm
Consolidated Statements
Annual Periods
(in millions)
US \$

Period ending date	05/31/05		05/31/06		05/31/07		05/31/08		05/31/09	
Cash & Equivalents	128		114		128		177		152	
Accounts Receivable	140		204		204		116		67	
Inventory	36		58		39		68		20	
Other current assets	<u>249</u>		<u>574</u>		<u>567</u>		<u>179</u>		<u>115</u>	
Total current assets	553	58.21%	950	63.84%	938	60.59%	540	45.76%	354	55.05%
Long Term Assets (LTA)	<u>397</u>	41.79%	<u>538</u>	36.16%	<u>610</u>	39.41%	<u>640</u>	54.24%	<u>289</u>	44.95%
Total assets	<u>950</u>	100.00%	<u>1,488</u>	100.00%	<u>1,548</u>	100.00%	<u>1,180</u>	100.00%	<u>643</u>	100.00%
Accounts payable	136		185		196		162		106	
Short term portion debt	0		35		0		4		4	
Other current liabilities	<u>186</u>		<u>277</u>		<u>285</u>		<u>245</u>		<u>232</u>	
Total current liabilities	322	33.89%	497	33.40%	481	31.07%	411	34.83%	342	53.19%
Long term debt	35		0		0		394		396	
Other long term liabilities	<u>12</u>		<u>7</u>		<u>5</u>		<u>264</u>		<u>319</u>	
Total long term liabilities	47	4.95%	7	0.47%	5	0.32%	658	55.76%	715	111.20%
Total liabilities	369		504		486		1,069		1,057	
Retained earnings	-824		-488		-432		-538		-1,270	
Other equity	<u>1,405</u>		<u>1,472</u>		<u>1,494</u>		<u>649</u>		<u>856</u>	
Total equity	581	61.16%	984	66.13%	1,062	68.60%	111	9.41%	-414	-64.39%
Total liabilities and equity	<u>950</u>	100.00%	<u>1,488</u>	100.00%	<u>1,548</u>	100.00%	<u>1,180</u>	100.00%	<u>643</u>	100.00%

CONDENSED EQUITY STATEMENT

Palm
Consolidated Statements
Annual Periods
(in millions)
US \$

Period ending date	05/31/06	05/31/07	05/31/08	05/31/09
Beginning Balance	581	984	1,062	111
Income (Loss)	<u>336</u>	<u>56</u>	<u>105</u>	<u>-732</u>
	917	1,040	1,167	-621
Cash Dividends	0	0	949	0
Repurchase of capital stock	0	31	0	0
Net Other Changes *- Inc (Dec)	<u>67</u>	<u>-9</u>	<u>-2,005</u>	<u>207</u>
Ending Balance	<u><u>984</u></u>	<u><u>1,062</u></u>	<u><u>111</u></u>	<u><u>-414</u></u>

* Commonly Composed of: Capital issued and Other Comprehensive Income (Loss) items not reflected in the Income Statement.

Will contain dividends and stock repurchases if not listed as separate input.

CONDENSED Cash (Funds) Flow

Palm
Consolidated Statements
Annual Periods
(in millions)
US \$

Period ending date	05/31/06	05/31/07	05/31/08	05/31/09
Earnings (Loss) After Tax	336	56	105	-732
Depreciation Expense	22	22	38	35
Receivables	-64	0	88	49
Inventory	-22	19	-29	48
Adjustments/Changes	<u>-190</u>	<u>24</u>	<u>573</u>	<u>50</u>
Operating Funds Flow	82	121	775	-550
Investing Activity - LTA	<u>-163</u>	<u>-94</u>	<u>-68</u>	<u>316</u>
Free Funds Flow	-81	27	707	-234
Debt Financing - Inc (Dec)	0	-35	398	2
Equity Financing - Inc (Dec)	<u>67</u>	<u>22</u>	<u>-1,056</u>	<u>207</u>
Increase (Decrease) in Cash	-14	14	49	-25
Beginning Cash	<u>128</u>	<u>114</u>	<u>128</u>	<u>177</u>
Ending Cash	<u><u>114</u></u>	<u><u>128</u></u>	<u><u>177</u></u>	<u><u>152</u></u>

Note:

Investing Activity reflects the change in long term assets.

Investing Activity is net of depreciation if no depreciation expense was submitted.

Free Funds Flow is the net change before Financing Activities.

Debt Financing Activity reflects the change in total debt.

Equity Financing Activity reflects the change in equity other than from current earnings.

LTA (Long Term Assets)

CONDENSED Source and Application of Funds with change in working capital

Palm
Consolidated Statements
Annual Periods
(in millions)
US \$

Period ending date	05/31/06	05/31/07	05/31/08	05/31/09
Provided (Used)				
Income (Loss)	336	56	105	-732
Depreciation & Amortization	22	22	38	35
Accounts Receivable	-64	0	88	49
Inventory	-22	19	-29	48
Other Current Assets	-325	7	388	64
Accounts Payable	49	11	-34	-56
ST Debt	35	-35	4	0
Other Current Liabilities	91	8	-40	-13
Long Term Assets (LTA)	-163	-94	-68	316
Long Term Debt	-35	0	394	2
Other Long Term Liabilities	-5	-2	259	55
RE Other Changes	0	0	-211	0
Other Equity Changes	<u>67</u>	<u>22</u>	<u>-845</u>	<u>207</u>
Change in Cash	-14	14	49	-25
Beginning Cash	<u>128</u>	<u>114</u>	<u>128</u>	<u>177</u>
Ending Cash	<u><u>114</u></u>	<u><u>128</u></u>	<u><u>177</u></u>	<u><u>152</u></u>
Change in Working Capital	<u><u>222</u></u>	<u><u>4</u></u>	<u><u>-328</u></u>	<u><u>-117</u></u>
Change in WC- Inc (Dec)				
Cash	-14	14	49	-25
Accounts Receivable	64	0	-88	-49
Inventory	22	-19	29	-48
Other Current Assets	<u>325</u>	<u>-7</u>	<u>-388</u>	<u>-64</u>
Inc (Dec) Total Current Assets	<u><u>397</u></u>	<u><u>-12</u></u>	<u><u>-398</u></u>	<u><u>-186</u></u>
Accounts Payable	49	11	-34	-56
Short Term Debt	35	-35	4	0
Other Current Liabilities	91	8	-40	-13
Rounding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Inc (Dec) Total Current Liabilities	<u><u>175</u></u>	<u><u>-16</u></u>	<u><u>-70</u></u>	<u><u>-69</u></u>
Net Change	<u><u>222</u></u>	<u><u>4</u></u>	<u><u>-328</u></u>	<u><u>-117</u></u>
ST (Short Term)				

Selected Financial Data - Performance

Palm Consolidated Statements Annual Periods (in millions) US \$					
Period ending date	05/31/05	05/31/06	05/31/07	05/31/08	05/31/09
Revenue	1,270	1,579	1,561	1,319	736
Change Amount	n/a	309	-18	-242	-583
Change Percent	0.00%	19.57%	-1.15%	-18.35%	-79.21%
Margin	391	521	576	402	160
% of Revenues/Sales	30.79%	33.00%	36.90%	30.48%	21.74%
SG&A	310	404	484	540	463
% of Revenues/Sales	24.41%	25.59%	31.01%	40.94%	62.91%
EBIT	81	117	92	-138	-303
Amt Inc (Dec)	n/a	36	-25	-230	-165
% of Revenues/Sales	6.38%	7.41%	5.89%	-10.46%	-41.17%
EBITDA	106	139	114	-100	-268
Amt Inc (Dec)	0	33	-25	-214	-168
Earnings After Tax (EAT)	66	336	56	105	-732
% of Revenues/Sales	5.20%	21.28%	3.59%	7.96%	-99.46%
Change	n/a	16.08%	-17.69%	4.37%	-107.42%
Earnings After Tax (EAT)	66	336	56	105	-732
Amt Inc (Dec)	n/a	270	-280	49	-837
Deprec & Amort Exp	25	22	22	38	35
Change	n/a	-3	0	16	-3
Capital Expenditures	n/a	163	94	68	-316
Change	n/a	n/a	-69	-26	-384
Interest Coverage EBIT	n/a	NaN	NaN	-6.90	-12.12
Change	n/a	NaN	NaN	NaN	-5.22
Interest Coverage EBITDA	n/a	NaN	NaN	-5.00	-10.72
Change	n/a	NaN	NaN	NaN	-5.72
Free Cash Flow	n/a	-81	27	707	-234
Change	n/a	n/a	108	680	-941

Selected Financial Data - Liquidity

Palm					
Consolidated Statements					
Annual Periods					
(in millions)					
US \$					
Period ending date	05/31/05	05/31/06	05/31/07	05/31/08	05/31/09
Current Assets	553	950	938	540	354
Change	n/a	397	-12	-398	-186
Current Liabilities	322	497	481	411	342
Change	n/a	175	-16	-70	-69
Working Capital	231	453	457	129	12
Change	n/a	222	4	-328	-117
Cash	128	114	128	177	152
Change	n/a	-14	14	49	-25
Cash Ratio	0.40	0.23	0.27	0.43	0.44
Change	n/a	-16.81%	3.67%	16.45%	1.38%
Quick Assets	268	318	332	293	219
Change	n/a	50	14	-39	-74
Quick Ratio	0.83	0.64	0.69	0.71	0.64
Change	n/a	-19.25%	5.04%	2.27%	-7.25%
Current Ratio	1.72	1.91	1.95	1.31	1.04
Change	n/a	0.19	0.04	-0.64	-0.28

Selected Financial Data - Efficiency

Palm Consolidated Statements Annual Periods (in millions) US \$					
Period ending date	05/31/05	05/31/06	05/31/07	05/31/08	05/31/09
Accounts Receivable	140	204	204	116	67
A/R Days Outstanding**	40.24	47.16	47.70	32.10	33.23
Change	n/a	6.92	0.54	-15.60	1.13
A/R Turnover	9.07	7.74	7.65	11.37	10.99
Days Sales Outstanding	41.01	48.06	48.61	32.72	33.86
Accounts Payable	136	185	196	162	106
Accounts Payable Turnover	6.46	5.72	5.03	5.66	5.43
Inventory Days on Hand**	14.95	20.01	14.45	27.07	12.67
Working Capital	231	453	457	129	12
Working Capital % of Assets**	24.32%	30.44%	29.52%	10.93%	1.87%
Sales per LTA employed**	3.20	2.93	2.56	2.06	2.55
Margin per LTA employed**	0.98	0.97	0.94	0.63	0.55
As a percent of Sales					
Inventory	2.83%	3.67%	2.50%	5.16%	2.72%
Accounts Receivable	11.02%	12.92%	13.07%	8.79%	9.10%

** Computed using end of period balances

Selected Financial Data - Leverage

Palm Consolidated Statements Annual Periods (in millions) US \$					
Period ending date	05/31/05	05/31/06	05/31/07	05/31/08	05/31/09
Capital Summary:					
STD in Current Liabilities	0	35	0	4	4
Long Term Debt	<u>35</u>	<u>0</u>	<u>0</u>	<u>394</u>	<u>396</u>
Total Debt	35	35	0	398	400
Equity	<u>581</u>	<u>984</u>	<u>1,062</u>	<u>111</u>	<u>-414</u>
Capital	<u><u>616</u></u>	<u><u>1,019</u></u>	<u><u>1,062</u></u>	<u><u>509</u></u>	<u><u>-14</u></u>
Total Debt	35	35	0	398	400
Stockholders Equity	581	984	1,062	111	-414
Total Debt to Equity	0.06	0.04	0	3.59	-0.97
Total Assets	950	1,488	1,548	1,180	643
Total Debt to Assets Ratio	0.04	0.02	0.00	0.34	0.62
Short Term Debt (STD)	0	35	0	4	4
STD % of Total Debt	0.00%	100.00%	NaN	1.01%	1.00%
STD % of Working Capital	0.00%	7.73%	0.00%	3.10%	33.33%
Total Liabilities	369	504	486	1,069	1,057
Total Liabilities to Equity Ratio	0.64	0.51	0.46	9.63	-2.55
EBITDA/Total Debt	302.86%	397.14%	NaN	-25.13%	-67.00%

Rates of Return & Other

Palm Consolidated Statements Annual Periods (in millions) US \$					
Period ending date	05/31/05	05/31/06	05/31/07	05/31/08	05/31/09
ROA*	6.95%	22.58%	3.62%	8.90%	-113.84%
Total Leverage*	1.64	1.51	1.46	10.63	-1.55
ROE*	11.36%	34.15%	5.27%	94.59%	176.81%
ROC*	8.55%	7.73%	5.63%	-17.76%	1094.17%

* Computed using earnings after tax for the period and end of period balances (return for period, i.e. Annual, Quarterly or Monthly)