

Spansion Inc.
Form PRE 14A
April 08, 2011
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

SPANSION INC.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

Edgar Filing: Spansion Inc. - Form PRE 14A

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

Table of Contents

April 21, 2011

Dear Stockholder:

On behalf of the Board of Directors, you are cordially invited to attend the 2011 Annual Meeting of Stockholders of Spansion Inc. to be held at 915 DeGuigne, Sunnyvale, California, on Tuesday, May 31, 2011 at 8:00 a.m., local time. The formal notice of the Annual Meeting appears on the following page. The attached Notice of Annual Meeting and Proxy Statement describe the matters that we expect to be acted upon at the Annual Meeting and provide additional information for stockholders.

During the Annual Meeting, stockholders will hear a presentation by Spansion and have the opportunity to ask questions. Whether or not you plan to attend the Annual Meeting, it is important that your shares be represented. Please vote as soon as possible. You may vote via the Internet, by telephone or by mailing a completed proxy card as an alternative to voting in person at the Annual Meeting. Voting by any of these methods will ensure your representation at the Annual Meeting.

We encourage you to sign up for electronic delivery of future proxy materials in order to conserve natural resources and help us reduce printing costs and postage fees. For more information, please see [Questions and Answers](#) in the Proxy Statement.

We urge you to carefully review the proxy materials and to vote FOR the director nominees, FOR the proposal relating to amendments of Spansion's Amended and Restated Certificate of Incorporation, FOR the proposal relating to Spansion's executive compensation, FOR holding the advisory vote on executive compensation annually and FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year.

Please note that if you hold your shares in street name, brokers will not have discretion to vote your shares on the election of directors, the amendment of our Amended and Restated Certificate of Incorporation or the proposals regarding the advisory vote on executive compensation and the frequency with which an advisory vote on executive compensation should be held. Accordingly, if you do not submit voting instructions to your broker on these matters, your shares will not be counted in determining the outcome of these matters. We encourage you to provide voting instructions to your brokers if you hold your shares in street name so that your voice is heard on these matters.

We look forward to seeing you at the Annual Meeting.

/s/ John H. Kispert

John H. Kispert

President and Chief Executive Officer

Table of Contents

SPANSION INC.
915 DeGUIGNE DRIVE
P.O. BOX 3453
SUNNYVALE, CALIFORNIA 94088

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

We will hold the 2011 Annual Meeting of Stockholders of Spansion Inc. at 915 DeGuigne Drive, Sunnyvale, California, on Tuesday, May 31, 2011. The meeting will start at 8:00 a.m. local time. At the Annual Meeting, our stockholders will be asked to:

1. Elect two Class I directors to serve for a three-year term expiring at the 2014 annual meeting of stockholders;
2. Approve amendments of our Amended and Restated Certificate of Incorporation to allow our Board of Directors to increase the maximum size of our Board from seven to eight directors notwithstanding the ownership by Silver Lake of five percent or more of our outstanding Common Stock and to make a corresponding change regarding the filling of vacancies created by Silver Lake's stock ownership falling below required thresholds for the Class B stockholder to elect two or one Class B directors;
3. Hold an advisory vote on executive compensation;
4. Hold an advisory vote on the frequency with which an advisory vote on executive compensation should be held;
5. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year; and
6. Transact any other business that properly comes before the meeting and any postponement or adjournment of the Annual Meeting. Only record holders of Common Stock at the close of business on April 15, 2011, the record date for the Annual Meeting, are entitled to receive notice of and to vote on all matters submitted to a vote of stockholders at the Annual Meeting. Stockholders present at the Annual Meeting or who have submitted a valid proxy over the Internet, by telephone or by mail will be deemed to be present in person to vote at the Annual Meeting. Stockholders are urged to read the attached proxy statement carefully for additional information concerning the matters to be considered at the Annual Meeting.

All stockholders are cordially invited to attend the Annual Meeting in person. Stockholders who plan to attend in person are nevertheless requested to vote online, by telephone, or by signing and returning their proxy cards to make certain that their vote will be represented at the

Edgar Filing: Spansion Inc. - Form PRE 14A

Annual Meeting should they unexpectedly be unable to attend.

By Order of the Board of Directors,

/s/ John H. Kispert
John H. Kispert

President and Chief Executive Officer

This proxy statement and accompanying proxy card are first being distributed on or about April 21, 2011.

YOUR VOTE IS IMPORTANT.

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE URGE YOU TO VOTE
ONLINE OR BY TELEPHONE, OR TO COMPLETE, SIGN AND DATE THE
ENCLOSED PROXY CARD AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED.
VOTING ONLINE, BY TELEPHONE, OR BY RETURNING YOUR PROXY CARD WILL ENSURE
THAT YOUR VOTE IS COUNTED IF YOU LATER DECIDE NOT TO ATTEND THE MEETING.**

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS</u>	1
<u>ITEM 1 ELECTION OF DIRECTORS</u>	6
<u>CORPORATE GOVERNANCE</u>	10
<u>COMMITTEES AND MEETINGS OF THE BOARD OF DIRECTORS</u>	14
<u>DIRECTOR COMPENSATION</u>	18
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	21
<u>SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u>	22
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	23
<u>EXECUTIVE OFFICERS</u>	23
<u>EXECUTIVE COMPENSATION AND RELATED MATTERS</u>	25
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	49
<u>ITEM 2 AMENDMENTS OF OUR CERTIFICATE OF INCORPORATION WITH RESPECT TO THE SIZE OF THE BOARD OF DIRECTORS</u>	50
<u>ITEM 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	52
<u>ITEM 4 ADVISORY VOTE ON FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	53
<u>ITEM 5 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	54
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	56
<u>AUDIT COMMITTEE REPORT</u>	62
<u>OTHER MATTERS</u>	62
<u>ANNUAL REPORT AND FINANCIAL STATEMENTS</u>	62

Table of Contents

SPANSION INC.

PROXY STATEMENT

2011 ANNUAL MEETING OF STOCKHOLDERS

QUESTIONS AND ANSWERS

1. Q: WHO IS SOLICITING MY VOTE?

A: This proxy solicitation is being made by the Board of Directors of Spansion Inc. All expenses of soliciting proxies, including clerical work, printing and postage, will be paid by us. Our directors, officers and other employees may solicit proxies in person, by mail, by telephone, by facsimile, through the Internet or by other means of communication, but such persons will not be specifically compensated for such services.

2. Q: WHEN WAS THIS PROXY STATEMENT MAILED TO STOCKHOLDERS?

A: This proxy statement was first mailed to stockholders on or about April 21, 2011.

3. Q: WHAT MAY I VOTE ON?

A: Spansion stockholders may vote on the following matters:

Holders of Class A Common Stock may vote on the election of one director nominee, William E. Mitchell, to serve as a Class A Director on our Board of Directors;

The holder of Class B Common stock may vote on the election of one director nominee, Paul Mercadante, to serve as a Class B Director on our Board of Directors;

Holders of Class A Common Stock and Class B Common Stock, voting together as a single class, may vote on amendments of our Amended and Restated Certificate of Incorporation to allow our Board of Directors to increase the maximum size of our Board from seven to eight directors notwithstanding the ownership by Silver Lake of five percent or more of our outstanding Common Stock and to make a corresponding change regarding the filling of vacancies created by Silver Lake's stock ownership falling below required thresholds for the Class B stockholders to elect two or one Class B directors.

Holders of Class A Common Stock and Class B Common Stock, voting together as a single class, may vote on an advisory vote on executive compensation, an advisory vote on the frequency with which an advisory vote on compensation should be held, and the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year.

4. Q: HOW DOES THE BOARD OF DIRECTORS RECOMMEND I VOTE ON THE PROPOSALS?

A: The Board recommends that you vote:

FOR each of the director nominees for whom you are eligible to vote;

FOR the amendment of our Amended and Restated Certificate of Incorporation;

FOR the proposal relating to executive compensation;

Table of Contents

FOR holding the advisory vote on executive compensation annually; and

FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year.

5. Q: WHO IS ENTITLED TO VOTE?

A: Stockholders as of the close of business on April 15, 2011, the Record Date, are entitled to vote on all items properly presented at the Annual Meeting for which they are eligible to vote. On the Record Date, 62,390,784 shares of our Class A Common Stock and one share of our Class B Common Stock were outstanding. The Class A Common Stock and Class B Common Stock are collectively referred to as the Common Stock. Every stockholder is entitled to one vote for each share of Common Stock held. A list of these stockholders will be available during ordinary business hours at the principal place of business of Spansion, located at 915 DeGuigne Drive, Sunnyvale, California 94085-3836, at least ten days before the Annual Meeting. The list of stockholders will also be available at the time and place of the Annual Meeting.

6. Q: HOW DO I VOTE BY MAIL?

A: If you complete and properly sign each proxy card you receive and return it to us in the prepaid envelope, it will be voted by one of the individuals indicated on the card (your proxy) as you direct.

If you return your signed proxy card but do not mark the boxes showing how you wish to vote, your shares will be voted FOR the election of the director nominees, FOR the amendment of our Amended and Restated Certificate of Incorporation, FOR the proposal on executive compensation, FOR holding the advisory vote about executive compensation annually and FOR the ratification of the appointment of our auditors. If your shares are held by your broker, see question 12 below.

7. Q: CAN I VOTE BY TELEPHONE OR ELECTRONICALLY?

A: If you live in the United States or Canada, you may submit your proxy by following the Vote by Telephone instructions on the proxy card. If you have Internet access, you may submit your proxy from any location in the world by following the Vote by Internet instructions on the proxy card.

8. Q: WHO CAN ATTEND THE ANNUAL MEETING?

A: Only stockholders as of the Record Date, holders of proxies for those stockholders and other persons invited by us can attend. If your shares are held by your broker in street name, you must bring a letter from your broker or a copy of your proxy card to the meeting showing that you were the direct or indirect beneficial owner of the shares on the Record Date to attend the meeting.

9. Q: CAN I VOTE AT THE MEETING?

A: Yes. If you attend the meeting and plan to vote in person, we will provide you with a ballot at the meeting. If your shares are registered directly in your name, you are considered the stockholder of record and have the right to vote in person at the meeting. If your shares are held by your broker in street name, you are considered the beneficial owner of the shares held in street name. As a beneficial owner, if you wish to vote at the meeting, you must bring to the meeting a legal proxy from your broker showing that you were the beneficial owner of the shares on the Record Date and are authorized to vote those shares.

Table of Contents

10. Q: CAN I CHANGE MY VOTE AFTER I RETURN MY PROXY CARD OR AFTER I HAVE VOTED BY TELEPHONE OR ELECTRONICALLY?

- A: Yes. You may change your vote at any time before the voting concludes at the Annual Meeting by:
- Sending in another proxy with a later date by mail, telephone or over the Internet;
 - Notifying our Corporate Secretary in writing before the Annual Meeting that you wish to revoke your proxy; or
 - Voting in person at the Annual Meeting.

11. Q: HOW DO I VOTE MY SHARES IF THEY ARE HELD IN STREET NAME?

- A: If your shares are held by your broker in street name, you will receive a form from your broker seeking instruction as to how your shares should be voted. We urge you to complete this form and instruct your broker how to vote on your behalf. You can also vote in person at the Annual Meeting, but you must bring a legal proxy from the broker showing that you were the beneficial owner of your shares on the Record Date and are authorized to vote the shares.

12. Q: WHAT IS BROKER DISCRETIONARY VOTING?

- A: If you hold your shares through a broker, your broker is permitted to vote your shares on routine discretionary items, such as the ratification of our independent registered public accounting firm, if it has transmitted the proxy materials to you and has not received voting instructions from you on how to vote your shares before the deadline set by your broker.

However, brokers no longer have the discretion to vote your shares on the election of directors, the amendment of our Amended and Restated Certificate of Incorporation or on the advisory vote on executive compensation and the frequency with which the advisory vote on executive compensation should be held. Accordingly, if your shares are held through a broker and you do not submit voting instructions to your broker, your shares will not be counted in determining the outcome of the election of the director nominees, the amendment of our Amended and Restated Certificate of Incorporation or the proposals regarding the advisory vote on executive compensation and the frequency with which the advisory vote on executive compensation should be held.

13. Q: WHAT IS A QUORUM?

- A: A quorum is a majority of the outstanding shares of Common Stock. They may be present at the Annual Meeting or represented by proxy. There must be a quorum for the Annual Meeting to be held. If you submit a properly executed proxy card, even if you abstain from voting, you will be considered part of the quorum. Broker non-votes are also considered a part of the quorum. Broker non-votes occur when a broker holding shares for a beneficial owner does not vote on a particular matter because the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

14. Q: HOW ARE MATTERS PASSED OR DEFEATED?

- A: The director nominees receiving the highest number of affirmative votes from the stockholders of the class of stock entitled to vote for such nominee will be elected as directors up to the maximum number of directors to be elected at the meeting. A properly executed proxy marked WITHHOLD with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

The proposal regarding amendment of our Amended and Restated Certificate of Incorporation will be approved if a majority of the outstanding shares of Common Stock vote in favor of the proposal, and

Table of Contents

if holders of at least 50 percent of the outstanding shares of Class B Common Stock vote in favor of the proposal.

The proposal regarding the advisory vote on executive compensation will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast in opposition to the proposal. Because your vote is advisory, it will not be binding on the Board of Directors or Spansion. However, the Board of Directors will review the voting results and take them into consideration when making future compensation decisions.

The frequency of the advisory vote on executive compensation receiving the largest number of votes every three years, every two years or every one year will be the frequency that stockholders approve. Because your vote is advisory, it will not be binding on the Board of Directors or Spansion. However, the Board of Directors will review the voting results and take them into consideration when making future decisions regarding the frequency of the advisory vote on executive compensation.

The appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm will be ratified if the number of votes cast in favor of the proposal exceeds the number of votes cast in opposition to the proposal.

Abstentions with regard to the proposals regarding the amendment of our Amended and Restated Certificate of Incorporation, the advisory vote on executive compensation and the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm will have the same effect as a vote against these proposals.

15. Q: WHO WILL COUNT THE VOTES?

A: Votes will be tabulated by Computershare Trust Company, N.A.

16. Q: HOW WILL VOTING ON ANY BUSINESS NOT DESCRIBED IN THE NOTICE OF ANNUAL MEETING BE CONDUCTED?

A: We do not know of any business to be considered at the Annual Meeting other than the proposals described in this proxy statement. If any other business is presented at the Annual Meeting, your signed proxy card gives authority to Randy W. Furr, our Executive Vice President and Chief Financial Officer and Scot A. Griffin, our Senior Vice President, General Counsel, to vote on such matters at their discretion.

17. Q: HOW CAN I OBTAIN ELECTRONIC COPIES OF THE PROXY MATERIALS FOR THE 2011 ANNUAL MEETING?

A: This proxy statement and Spansion's Annual Report on Form 10-K for Fiscal 2010 are available electronically at the Investor Relations page of our website at www.spansion.com/2011proxy/.

18. Q: WHEN ARE THE STOCKHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING DUE?

A: In accordance with the rules of the Securities and Exchange Commission, in order for stockholder proposals to be considered for inclusion in the proxy statement for the 2012 Annual Meeting, they must be submitted in writing to our Corporate Secretary, Spansion Inc., 915 DeGuigne Drive, P.O. Box 3453, Sunnyvale, California 94088 on or before December 23, 2011. Our bylaws provide that for directors to be nominated or other proposals to be properly presented at a stockholders meeting that are not included in our proxy statement for the 2012 Annual Meeting, notice of any such nomination or proposal must be received by us between February 1, 2012 and March 2, 2012. However, if our 2012 Annual Meeting is not within 30 days of May 31, 2012, to be timely, the notice by the stockholder must be received by our Corporate Secretary not later than the close of business on the tenth day following the day on which the first public announcement of the date of the Annual Meeting was made or the notice of the meeting was mailed, whichever occurs first. More information on our

Table of Contents

bylaws and a description of the information that must be included in the stockholder notice is included in this proxy statement beginning on page 12 under the heading Consideration of Stockholder Nominees for Director and Other Proposals.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2011 ANNUAL STOCKHOLDERS MEETING TO BE HELD ON MAY 31, 2011.

The proxy statement to security holders is available at www.spansion.com/2011proxy/.

Table of Contents**ITEM 1 ELECTION OF DIRECTORS****General**

Our Board of Directors currently consists of seven directors. Our Amended and Restated Certificate of Incorporation provides that the Board of Directors consists of three classes of directors, each serving staggered three-year terms. At each annual meeting of stockholders, directors will be elected for a term of three years to succeed those directors whose terms are expiring.

Our Amended and Restated Certificate of Incorporation also provides that the holders of Class A Common Stock, voting together as a separate class, are entitled to vote for all Class A directors and holders of Class B Common Stock, voting together as a separate class, are entitled to vote for all Class B directors. SLS Spansion Holdings, LLC, Silver Lake Sumeru Fund, L.P. and their respective affiliates (Silver Lake), as the owners of our Class B Common Stock, currently have the right to elect up to two directors to the Board of Directors. Messrs. Mercadante and Shah were appointed to the Board by Silver Lake.

Classified Board

Our Board of Directors is currently composed of the following classes of directors:

Class	Expiration	Member
Class I	2011	Eugene I. Davis (Class A Director)
		Paul Mercadante (Class B Director)
Class II	2012	Hans Geyer (Class A Director)
		Clifton Thomas Weatherford (Class A Director)
Class III	2013	John H. Kispert (Class A Director)
		Raymond Bingham (Class A Director)
		Ajay Shah (Class B Director)

William Mitchell has been nominated for election into the new Class I term at the Annual Meeting. He will hold the position currently held by Mr. Davis.

Election of Class I Directors

At the Annual Meeting, two directors will be elected for a three-year term, which expires at our 2014 Annual Meeting of Stockholders, and until their successors are duly elected and qualified in accordance with our bylaws. One of the nominees, Paul Mercadante, is presently a member of our Board of Directors and serves as a Class B director. William E. Mitchell was nominated by our Board to serve as a Class A director. See *Nominees* below. If Messrs. Mitchell and Mercadante should be unable or decline to serve at the time of the Annual Meeting, the persons named as proxies on the proxy card will vote for such substitute nominee(s) as our Board of Directors recommends, or vote to allow the vacancy created thereby to remain open until filled by our Board of Directors. The Board of Directors has no reason to believe that the nominees will be unable or decline to serve as directors if elected.

The Board of Directors recommends that holders of Class A Common Stock vote in favor of the election of Mr. Mitchell as a Class A director and that the holder of Class B Common Stock vote in favor of the election of Mr. Mercadante as a Class B director. Proxies received will be voted FOR the nominees named below, unless marked to the contrary.

Nominees

The following director nominee is standing for election by the holders of our Class A Common Stock:

Edgar Filing: Spansion Inc. - Form PRE 14A

William E. Mitchell, age 67, is the managing partner of Sequel Capital Management, LLC, a private equity firm that he founded. Mr. Mitchell served as the chairman of the board of directors of Arrow Electronics, Inc.

Table of Contents

from May 2006 until December 2009, and also served as President and Chief Executive Officer of Arrow Electronics, Inc. from February 2003 to May 1, 2009. Prior to that, Mr. Mitchell was Executive Vice President of Solectron Global Services from 1999 to 2003 and was Chairman, President and Chief Executive Officer of Sequel, Inc. from 1995 to 1999 until its acquisition by Solectron. Mr. Mitchell serves on the board of directors of National Semiconductor Corporation, Brown-Forman Corporation, Humana Inc. and Rogers Corporation. Mr. Mitchell received his bachelor's degree in engineering from Princeton University and his master's degree in engineering from the University of Michigan. Our Board of Directors has concluded that Mr. Mitchell should serve on the Board based on his experience as president and chief executive officer of a global distribution company, his experience and extensive knowledge of international business operations and his significant experience in the governance of large publicly-traded corporations.

The following director nominee is standing for election by the holder of our Class B Common Stock:

Paul Mercadante, age 50, has served as a Class I Director since May 10, 2010. Mr. Mercadante is Chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee. Mr. Mercadante joined Silver Lake, a private equity firm, in 2007 and is a Managing Director in the firm's middle market strategy, Silver Lake Sumeru. Previously, he was at Shah Capital Partners, a private equity firm, where he served as Operating Partner from 2004 to 2006. Prior to Shah Capital Partners, Mr. Mercadante was President of Force Computers, a leading provider of embedded computing systems, which was subsequently sold to Motorola, Inc. in 2004. Prior to his service at Force Computers, he was the Vice President of Strategic Planning for the Technology Solutions Business Unit of Solectron, an electronics manufacturing services provider that was subsequently acquired by Flextronics. Mr. Mercadante also has previous experience with SMART Modular Technologies, Rose Communications, Activision and Apex Data. He currently is a director at Ashtech, a GPS product company, Mobile Messenger, a mobile technology solutions provider, and Primesense, a fabless semiconductor business. Mr. Mercadante also served on the Board of Directors of Ingenient Technologies, a provider of embedded multimedia systems solutions, from 2005 to 2009, PulseCore, a semiconductor design company, from 2006 to 2009, and Force Computers, from 2002 to 2004. Mr. Mercadante holds a Bachelor of Arts degree in Economics from the State University of New York. Our Board of Directors has concluded that Mr. Mercadante should serve on the Board based on Mr. Mercadante's extensive experience in private equity and finance, his technology background and his service on the boards and board committees of technology companies.

Other Directors

The following five directors whose terms of office do not expire in 2011 will continue to serve after the Annual Meeting until such time as their respective terms of office expire and their respective successors are duly elected and qualified:

John H. Kispert, age 47, has served as a Class III Director since May 10, 2010 and shall hold office for an initial term expiring at the annual meeting of stockholders to be held in 2013. Mr. Kispert previously served as a Class A Director from February 2009 to May 2010. Mr. Kispert has served as President and Chief Executive Officer of Spansion since February 2009. Mr. Kispert also served as Interim Chief Financial Officer from April 29, 2009 through May 19, 2009. From 1995 through January 2009, Mr. Kispert served in a number of finance and operational roles at KLA-Tencor, a supplier of semiconductor manufacturing process control and yield management solutions, including serving as President and Chief Operations Officer from January 2006 to January 2009 and also serving as Executive Vice President and Chief Financial Officer from March 2000 to December 2005. In 2004, Mr. Kispert also assumed responsibility for Global Service Business, Information Technology and Human Resources at KLA-Tencor. Prior to KLA-Tencor, Mr. Kispert held several senior management positions with IBM. Mr. Kispert has served as a director of Extreme Networks, Inc., a network hardware company, since May 2009. Mr. Kispert holds a Master of Business Administration degree from the University of California, Los Angeles and a Bachelor of Arts degree in Political Science from Grinnell College. Our Board of Directors has concluded that Mr. Kispert should serve on the Board based on Mr. Kispert's significant senior leadership, industry, financial and operational experience. In addition, as Spansion's President and Chief Executive Officer, Mr. Kispert has direct responsibility for Spansion's strategy and operations.

Table of Contents

Raymond Bingham, age 65, has served as Chairman of the Board and a Class III Director since May 10, 2010 and shall hold office for an initial term expiring at the annual meeting of stockholders to be held in 2013. Mr. Bingham is the Chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee. Mr. Bingham has served as an Advisory Director of General Atlantic LLC, a global private equity firm, since January 2010 and a Managing Director from November 2006 to December 2009. From August 2005 to October 2006, Mr. Bingham was a self-employed private investor. He was Executive Chairman of the Board of Directors of Cadence Design Systems, Inc., a supplier of electronic design automation software and services, from May 2004 to July 2005 and served as a director of Cadence from November 1997 to July 2005. Prior to being Executive Chairman, he served as President and Chief Executive Officer of Cadence from April 1999 to May 2004 and as Executive Vice President and Chief Financial Officer from April 1993 to April 1999. He has served as a director and as a member of the Finance and Audit Committee of Oracle Corporation, a database software company, since November 2002, and has served as a member and Chairman of its Committee on Independence Issues since July 2003 and as a member and Chairman of its Governance Committee since August 2005. Mr. Bingham is also a director at Flextronics International Ltd., an electronics manufacturing services provider, STMicroelectronics N.V., a semiconductor manufacturing company, and Dice Holdings, Inc., a supplier of specialized websites for professional communities. Mr. Bingham received a Master of Business Administration degree from the Harvard Business School and a Bachelor of Science degree in Economics (with Honors) from Weber State University. Our Board of Directors has concluded that Mr. Bingham should serve on the Board based on Mr. Bingham's extensive and significant senior leadership, industry and financial experience, and his service as a public company director on the boards and board committees of technology companies.

Hans Geyer, age 60, has served as a Class II Director since May 10, 2010 and shall hold office for an initial term expiring at the annual meeting of stockholders to be held in 2012. Mr. Geyer is a member of the Compensation Committee and the Audit Committee. Since December 2006, Mr. Geyer has been a consultant for the private equity industry. Mr. Geyer served as Corporate Vice President and General Manager of Intel Corporation's Storage Group from 2005 until his retirement in December 2006, and as General Manager, Networking and Storage Group from 2004 to 2005. In 1995, Mr. Geyer was elected Vice President of Intel and in 1993, was appointed Vice President of Intel's Microprocessor Group. Mr. Geyer joined Intel in 1980 and has since held various positions, including general manager of European Operations, general manager of the 386/486 microprocessor division, general manager of the FLASH memory group, and general manager of the cellular and application processor group. Prior to joining Intel, Mr. Geyer was involved in hardware and software development for intelligent and point-of-sales terminals at Siemens AG, Germany. He served as a director of Trident Microsystems, Inc. from May 2007 to February 2010. Mr. Geyer studied computer science and mathematics at the Technical University of Munich and holds a master's degree (Diplom-Informatiker) in Computer Science. He is also an alumnus of INSEAD. Our Board of Directors has concluded that Mr. Geyer should serve on the Board based on Mr. Geyer's extensive and significant senior leadership, extensive industry and technical experience related to Spansion's semiconductor research and development, and his service on the boards and board committees of technology companies.

Ajay Shah, age 51, has served as a Class III Director since May 10, 2010 and shall hold office for an initial term expiring at the annual meeting of stockholders to be held in 2013. Mr. Shah is a member of the Compensation Committee. Mr. Shah founded Shah Capital Partners in 2004 and joined the Silver Lake team in 2007 as the Managing Director to found and develop the firm's middle market fund, Silver Lake Sumeru. Prior to founding Shah Capital, Mr. Shah founded and managed the Technology Solutions Business of Solectron Corporation, a \$2 billion business. Mr. Shah was the Chief Executive Officer of SMART Modular Technologies, a company that he co-founded in 1989 and led through its public offering in 1995. He managed its growth to over \$1 billion in revenues and directed its acquisition by Solectron in 1999 for over \$2 billion. Mr. Shah is a director at TES Electronic Solutions, a custom electronics design and manufacturing company, C-MAC MicroTechnology, an electronics design company, and Ashtech, a mapping technology company, Mobile Messenger, AVI-SPL, Inc., an audio/video system design and installation company, Power-One, a high-efficiency power solutions company, and is Chairman of the Board at SMART Modular. Mr. Shah also served on the board of directors of Flextronics International Ltd. from 2005 to 2009, Ingenient Technologies Inc. from

Table of Contents

2005 to 2009, Northern California Public Broadcasting from 2003 to 2008 and PulseCore from 2006 to 2009. He is a senior fellow of the American Leadership Forum, serves on the board of The Indian School of Business, India and is a Trustee of the America India Foundation. Mr. Shah received a bachelor's degree in Engineering from the University of Baroda and a Master of Science degree in Engineering Management from Stanford University. Our Board of Directors has concluded that Mr. Shah should serve on the Board based on Mr. Shah's extensive experience in venture capital and finance, his experience in the technology industry, and his service on the boards and board committees of technology companies.

Clifton Thomas Weatherford, age 64, has served as a Class II Director since May 10, 2010 and shall hold office for an initial term expiring at the annual meeting of stockholders to be held in 2012. He is Chairman of the Audit Committee. Mr. Weatherford served as Executive Vice President and Chief Finance Officer at Business Objects, a provider of business intelligence software, from September 1997 until his retirement in January 2003. Mr. Weatherford brings over 37 years in global technology expertise with senior financial positions at Business Objects, NETCOM On-Line Communication Services, Logitech, Texas Instruments, Schlumberger and Tandem Computers. Mr. Weatherford is a director at several public companies, including Tesco Corporation, an oil and gas drilling industry services company, SMART Modular Technologies, and Mellanox Technologies, a supplier of high-bandwidth computer hardware, as well as several private companies. Mr. Weatherford also served on the Board of Directors of Saba Software from 2003 to 2008, InfoGroup from 2007 to 2010, Synplicity from 2003 to 2008 and Advanced Analogic Technologies from 2004 to 2011. Mr. Weatherford holds a Bachelor of Business Administration degree in Finance from the University of Houston in Texas. Our Board of Directors has concluded that Mr. Weatherford should serve on the Board based on Mr. Weatherford's extensive and significant senior leadership, industry and financial experience, and his service as a public company director on the boards and board committees of technology companies and as a public company executive.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSED DIRECTOR NOMINEES LISTED ABOVE.

Table of Contents

CORPORATE GOVERNANCE

Principles of Corporate Governance

The Board of Directors has adopted Principles of Corporate Governance to address significant corporate governance issues. The Principles of Corporate Governance provide a framework for our corporate governance matters and include topics such as Board and Board Committee composition, the role and functions of the Board, the responsibilities of various Board committees and Board evaluations. The Nominating and Corporate Governance Committee is responsible for reviewing and recommending any changes on the Principles of Corporate Governance to the Board.

Director Independence

The Board of Directors affirmatively determines the independence of each director and nominee for election as a director in accordance with the elements of independence set forth in the New York Stock Exchange listing standards. In March and April 2011, the Board reviewed the independence of each director and director nominee. During this review, the Board considered transactions and relationships between each director or any member of his or her immediate family and Spansion and our subsidiaries and affiliates. The Board also considered whether there were any transactions or relationships between directors or any member of their immediate families (or any entity of which a director or an immediate family member is an executive officer, general partner or significant equity holder) and members of Spansion's executive team or their affiliates. The purpose of this review was to determine whether any transactions or relationships exist that are inconsistent with a determination of director independence.

As a result of this review, the Board of Directors considered: (i) the interest that Messrs. Shah and Mercadante have in Silver Lake, a private investment firm, and its affiliates; and (ii) Mr. Bingham's service on the board of directors of Flextronics International Ltd., which is a customer of Spansion. The Board determined that these relationships do not conflict with the elements of independence set forth in the New York Stock Exchange listing standard. Therefore, the Board of Directors affirmatively determined that each of the following directors and director nominees is independent and has no relationship with Spansion, except as a director and stockholder of Spansion:

Raymond Bingham
Hans Geyer

Paul Mercadante
William E. Mitchell

Ajay Shah
Clifton Thomas Weatherford

The Board also affirmatively determined that Mr. Kispert is not independent because he is the President and Chief Executive Officer of Spansion. In addition, the Board determined that Mr. Weatherford's simultaneous service on the audit committees of more than three public companies does not impair his ability to effectively serve on Spansion's Audit Committee.

Nominations for Directors

Process for Evaluating and Selecting Potential Director Candidates

Our Nominating and Corporate Governance Committee is responsible for annually identifying and recommending to the Board of Directors the nominees to be selected by the Board for each annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected) and recommending candidates to fill any vacancies on the Board (whether through the resignation of any director or through the increase in the number of directors by the Board). The Nominating and Corporate Governance Committee is also responsible for periodically assessing and developing the appropriate criteria to be utilized in evaluating potential director nominees, and communicating such criteria to the Board.

Table of Contents

Minimum Qualifications for Director Nominees

The Nominating and Corporate Governance Committee has established the following minimum criteria for evaluating prospective candidates to be selected by the Board:

Reputation for integrity, strong moral character and adherence to high ethical standards;

Holds or has held a generally recognized position of leadership in community or chosen field of endeavor, and has demonstrated high levels of accomplishment;

Demonstrated business acumen and experience, and ability to exercise sound business judgment and common sense in matters that relate to the current and long-term objectives of Spansion;

Ability to read and understand basic financial statements and other financial information pertaining to Spansion;

Commitment to understand our business, industry and strategic objectives;

Commitment and ability to regularly attend and participate in meetings of the Board of Directors, Board committees and stockholders (taking into account the number of other company boards on which the candidate serves), and ability to generally fulfill all responsibilities as a director;

Willingness to represent and act in the interests of all stockholders of Spansion rather than the interests of a particular group;

Good health and ability to serve;

For prospective non-employee directors, independence under Securities and Exchange Commission rules and the New York Stock Exchange listing standards, and the absence of any conflict of interest (whether due to a business or personal relationship) or legal impediment to, or restriction on, the nominee serving as a director; and

Willingness to accept the nomination to serve as a director of Spansion.

Other Factors for Potential Consideration

The Nominating and Corporate Governance Committee will also consider the following factors in connection with its evaluation of each prospective director nominee:

Whether the prospective director nominee will foster a diversity of skills and experiences;

Edgar Filing: Spansion Inc. - Form PRE 14A

Whether the prospective director nominee possesses the requisite education, training and experience to qualify as financially literate or as an audit committee financial expert under applicable Securities and Exchange Commission rules and the New York Stock Exchange listing standards;

For incumbent directors standing for re-election, the director's performance during his or her term, including the number of meetings attended, level of participation, and overall contribution to Spansion;

The number of other company Boards on which the prospective director nominee serves; and

Whether the prospective director nominee will add to or complement the Board's existing strengths.

Process for Identifying, Evaluating and Recommending Director Nominees

The Nominating and Corporate Governance Committee initiates the process for identifying, evaluating and recommending prospective director nominees by preparing a list of potential candidates who, based on their biographical information and other information available to the Nominating and Corporate Governance Committee, appear to meet the criteria specified above and who have specific qualities, skills or experience being sought (based on input from the Board).

Outside Advisors. The Nominating and Corporate Governance Committee may engage a third-party search firm or other advisors to assist in identifying prospective director nominees.

Table of Contents

Stockholder Suggestions for Potential Nominees. The Nominating and Corporate Governance Committee will consider suggestions of prospective director nominees from stockholders. The Nominating and Corporate Governance Committee will evaluate a prospective director nominee suggested by any stockholder in the same manner and against the same criteria as any other prospective director nominee identified by the Nominating and Corporate Governance Committee from any other source. Stockholders wishing to suggest a person to the Nominating and Corporate Governance Committee for its consideration should submit such suggestion to our Corporate Secretary at Spansion Inc., 915 DeGuigne Drive, P.O. Box 3453, Sunnyvale, California 94088, or at *Corporate.Secretary@spansion.com*.

Nomination of Incumbent Directors. The re-nomination of existing directors should not be viewed as automatic, but should be based on continuing qualification under the criteria set forth above. For incumbent directors standing for re-election, the Nominating and Corporate Governance Committee will assess the incumbent director's performance during his or her term, including the number of meetings attended; level of participation, and overall contribution to Spansion; composition of the Board at that time; and any changed circumstances affecting the individual director which may bear on his or her ability to continue to serve on the Board.

Management Directors. The number of officers or employees of Spansion serving at any time on the Board should be limited such that at all times a majority of the directors is independent under applicable Securities and Exchange Commission rules and the New York Stock Exchange listing standards.

After reviewing appropriate biographical information and qualifications, first-time candidates will be interviewed by at least one member of the Nominating and Corporate Governance Committee and by the Chief Executive Officer.

Upon completion of the above procedures, the Nominating and Corporate Governance Committee shall determine the list of potential candidates to be recommended to the Board for nomination at the annual meeting.

The Board of Directors will select the slate of nominees only from candidates identified, screened and approved by the Nominating and Corporate Governance Committee.

Consideration of Stockholder Nominees for Director and Other Proposals

Pursuant to our bylaws, stockholders who wish to nominate persons for election to the Board of Directors or to propose other matters for consideration at the 2012 annual meeting must be stockholders of record when they give us notice of such nomination or proposal, must be entitled to vote at the meeting and must comply with the notice provisions in our bylaws. A stockholder's notice must be delivered to our Corporate Secretary or the Chair of the Nominating and Corporate Governance Committee not less than 90 nor more than 120 days before the anniversary date of the immediately preceding annual meeting. For our 2012 annual meeting, the notice must be delivered between February 1, 2012 and March 2, 2012. However, if our 2012 annual meeting is not within 30 days of May 31, 2012, the notice must be delivered no later than the close of business on the tenth day following the earlier of the day on which the first public announcement of the date of the Annual Meeting was made or the day the notice of the meeting is mailed. The stockholder's notice must include the following information for any person proposed to be nominated:

Name, age, nationality, business and residence addresses;

Principal occupation and employment;

The class and number of shares of stock owned beneficially and of record by the proposed nominee;

Any other information required to be disclosed in a proxy statement with respect to the proposed nominee; and

Edgar Filing: Spansion Inc. - Form PRE 14A

The proposed nominee s written consent to being a nominee and to serving as a director if elected.

Table of Contents

The stockholder's notice must also include the following information for the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or other proposal is made:

Names and addresses;

The number of shares of stock owned beneficially and of record by them;

A description of any arrangements or understandings between them and each proposed nominee and any other persons (including their names) pursuant to which the nominations are to be made;

A representation that they intend to appear in person or by proxy at the Annual Meeting to nominate the person named in the notice;

A representation as to whether they are part of a group that intends to deliver a proxy statement or solicit proxies in support of the nomination; and

Any other information that would be required to be included in a proxy statement.

The Chair of the Annual Meeting will announce whether the procedures in the bylaws have been followed, and if not, declare that the nomination or other proposal be disregarded.

Communications with the Board or Non-Management Directors

Stockholders who wish to communicate with Spansion's Board of Directors or with non-management directors may send their communications in writing to our Corporate Secretary, Spansion Inc., 915 DeGuigne Drive, P.O. Box 3453, Sunnyvale, California 94088 or send an email to Corporate.Secretary@spansion.com. Spansion's Corporate Secretary will forward these communications to our independent directors except for spam, junk mail, mass mailings, product complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. Communications will not be forwarded to the independent directors unless the stockholder submitting the communication identifies himself or herself by name and sets out the number of shares of stock he or she owns beneficially or of record.

Codes of Business Conduct and Ethics and Principles of Corporate Governance

The Board of Directors has adopted a code of conduct entitled, "Code of Business Conduct," which applies to all directors and employees and which was designed to help directors and employees resolve ethical and compliance issues encountered in the business environment. The Code of Business Conduct governs matters such as conflicts of interest, compliance with laws, confidentiality of company information, encouraging the reporting of any illegal or unethical behavior, fair dealing and use of company assets. The Board of Directors has also adopted a Code of Ethics for the Chief Executive Officer, the Chief Financial Officer, the Corporate Controller and All Other Senior Finance Executives. The Code of Ethics governs matters such as financial reporting, conflicts of interest and compliance with laws, rules, regulations and Spansion's policies. The Board of Directors has also adopted Principles of Corporate Governance as a framework of its oversight activities devoted to protecting and advancing the long term interests of stockholders and other stakeholders.

You can access Spansion's Code of Business Conduct, Code of Ethics and Principles of Corporate Governance at the Investor Relations page of our website at www.spansion.com or by writing to us at Corporate Secretary, Spansion Inc., 915 DeGuigne Drive, P.O. Box 3453, Sunnyvale, California 94088, or emailing us at Corporate.Secretary@spansion.com. We will provide you with this information free of charge. Please note that information contained on our website is not incorporated by reference in, or considered to be a part of, this document. We will post on our website any amendment to the Code of Ethics, as well as any waivers of the Code of Ethics, that are required to be disclosed by the rules of the Securities and Exchange Commission or the New York Stock Exchange.

Table of Contents

COMMITTEES AND MEETINGS OF THE BOARD OF DIRECTORS

Introduction

On March 1, 2009, we filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. On April 16, 2010, we received confirmation of our Plan of Reorganization from the U.S. Bankruptcy Court and on May 10, 2010, we emerged from Chapter 11 bankruptcy. On May 17, 2010, our Class A Common Stock began trading on the NYSE AMEX, and on June 23, 2010, our listing was transferred to the New York Stock Exchange. Prior to our voluntary petition for relief under Chapter 11, our stock traded on the NASDAQ Stock Market.

From the beginning of fiscal 2010 until May 10, 2010, our Board of Directors consisted of five directors and one vacancy: Mr. Donald L. Lucas, Chairman; Mr. Kispert; Mr. David K. Chao; Dr. Boaz Eitan and Mr. John M. Stich. The Committee memberships are described below; however, no meetings of any Committee of the Board were held from the beginning of fiscal 2010 until after May 10, 2010. During this period, the Board of Directors held 24 regularly scheduled and special meetings. All directors attended at least 75 percent of the meetings of the Board of Directors, except for Mr. Chao. Messrs. Lucas, Chao, Eitan and Stich resigned from the Board on May 10, 2010, concurrently with our emergence from Chapter 11 bankruptcy.

From May 10, 2010 to the present, our Board of Directors has consisted of the following seven directors: Messrs. Bingham, Davis, Geyer, Kispert, Mercadante, Shah and Weatherford.

The Board of Directors

Meetings of the Board and Committees

The current Board of Directors has Audit, Compensation and Nominating and Corporate Governance Committees. The members of these committees and their chairs are recommended by the Nominating and Corporate Governance Committee and then appointed by the Board. From May 10, 2010 through the end of fiscal 2010, the Board of Directors held 11 regularly scheduled and special meetings, the Audit Committee held five regularly scheduled and special meetings, the Compensation Committee held four regularly scheduled and special meetings and the Nominating and Corporate Governance Committee held two regularly scheduled and special meetings. During this period, all directors attended at least 75 percent of the meetings of the Board of Directors and Board committees on which they served. Also during this period, the independent directors met in regularly scheduled sessions without any members of Spansion's management present. Mr. Bingham, as Chairman, presides over meetings of the Board and the independent directors. Spansion's directors are strongly encouraged to attend the Annual Meeting of Stockholders. Eight of the nine members of our Board of Directors attended our 2008 annual meeting stockholders meeting, which was the last annual meeting we held.

Board Leadership Structure

Currently, Mr. Kispert serves as President and Chief Executive Officer and Mr. Bingham, an independent director, serves as Chairman of the Board of Directors. The Board believes that Spansion and its stakeholders are best served at this time by this leadership structure because it is valuable to have strong independent leadership to assist the Board in fulfilling its role of overseeing the management of Spansion and its risk management practices separate from the CEO. However, the Principles of Corporate Governance permit the roles of the Chairman and CEO to be filled by the same or different individuals. This provides the Board with flexibility to determine whether the two roles should be combined in the future based on Spansion's needs and the Board's assessment of Spansion's leadership from time to time. The Principles of Corporate Governance provide for a lead independent director if the roles are combined.

Role of the Board in Risk Oversight

The Board of Directors, acting directly and through its committees, is responsible for the oversight of Spansion's risk management. Spansion's management is responsible for day-to-day risk management activities, including, without limitation, strategic, operational, financial and regulatory risks. Spansion believes that risk is

Table of Contents

inherent in innovation and the pursuit of long-term strategic goals and opportunities. The Board does not have a standing risk management committee, but rather administers this oversight function directly and through its standing committees that address risks inherent in their respective areas of oversight.

Spansion's Chairman of the Board of Directors is independent and maintains a separate role from the Chief Executive Officer. The Board believes this structure enables the Board to benefit from enabling the Chief Executive Officer to focus on operational and strategic matters while enabling the Chairman to focus on Board process and governance matters.

The Board of Directors believes in the value of an independent board of directors. Currently, six of the seven members of the Board of Directors are independent. This includes all members of the Audit Committee, the Compensation Committee and the Nomination and Corporate Governance Committee. The Board receives full reports from each committee chair regarding the committee's considerations and actions. The independent members of the Board of Directors also meet regularly without management present.

Board Committees

From the beginning of fiscal 2010 until May 10, 2010, our Board of Directors consisted of five directors and one vacancy: Mr. Donald L. Lucas, Chairman; Mr. Kispert; Mr. David K. Chao; Dr. Boaz Eitan and Mr. John M. Stich. On May 10, 2010, the Board of Directors and its Committees were reconstituted in connection with Spansion's emergence from bankruptcy. From May 10, 2010 to the present, our Board of Directors has consisted of the following seven directors: Messrs. Bingham, Davis, Geyer, Kispert, Mercadante, Shah and Weatherford. We applied the NASDAQ Stock Market independence standards for all directors who served on the Board prior to May 10, 2010 and the New York Stock Exchange independence standards for all directors who served beginning on May 10, 2010.

Audit Committee

The Audit Committee currently consists of Mr. Weatherford, as Chair, and Messrs. Geyer and Mercadante, each of whom was determined by the Board of Directors to be financially literate and independent as such term is defined for Audit Committee members by the New York Stock Exchange listing standards. The Board has designated Mr. Weatherford as an audit committee financial expert as defined under the rules of the Securities and Exchange Commission. Mr. Stich served as Chair and Mr. Chao served as a member of the Audit Committee until May 10, 2010. The Board of Directors determined that Messrs. Stich and Chao were each financially literate and independent as such term is defined for Audit Committee members by the NASDAQ Stock Market listing standards.

The Audit Committee assists the Board with its oversight responsibilities regarding our accounting and financial reporting processes, the audit of our financial statements, the integrity of our financial statements, our internal accounting and financial controls, our compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence and the performance of our internal audit function and the independent registered public accounting firm. The Audit Committee is also directly responsible for the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm, which reports directly to the Audit Committee. The Audit Committee meets alone with our financial and legal personnel, our internal auditor and with our independent registered public accounting firm, who have free access to the Audit Committee at any time. The director of our Internal Audit Department reports directly to the Chair of the Audit Committee, confers regularly with our Chief Financial Officer and serves a staff function for the Audit Committee.

Compensation Committee

The Compensation Committee currently consists of Mr. Bingham, as Chair, and Messrs. Geyer and Shah, each of whom was determined by the Board to be independent as such term is defined for Compensation

Table of Contents

Committee members by the New York Stock Exchange listing standards. Mr. Lucas served as Chair of the Compensation Committee and Mr. Stich served as a member of the Compensation Committee until May 10, 2010. The Board of Directors determined that Messrs. Lucas and Stich were each independent as such term is defined for Compensation Committee members by the NASDAQ Stock Market listing standards.

The role of the Compensation Committee is to oversee our compensation strategies and programs for our executive officers. The Compensation Committee has the authority to determine the form and amount of compensation to be paid or awarded to all our executive officers and to all other employees as delegated from time to time by the Board of Directors. The Compensation Committee's responsibilities, among other things, include (i) reviewing and approving the corporate goals and objectives relevant to Chief Executive Officer compensation and evaluating Chief Executive Officer performance in light of those goals and objectives, (ii) reviewing and approving the corporate goals and objectives relevant to non-CEO executive officer compensation, (iii) reviewing and making recommendations to the Board of Directors with respect to the adoption and approval of, or amendments to, all umbrella cash-based plans, incentive compensation plans and equity-based compensation plans and approving for submission to stockholders all new stock option and equity compensation plans, (iv) providing oversight with respect to succession planning for the Chief Executive Officer and other executive officers, and (v) reviewing and making recommendations to the Board of Directors with respect to all forms and amounts of compensation for members of the Board of Directors.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee currently consists of Mr. Mercadante, as Chair, and Messrs. Bingham, Davis and Weatherford, each of whom was determined by the Board of Directors to be independent as such term is defined for Nominating Committee members by the New York Stock Exchange listing standards. Mr. Lucas served as Chair of the Nominating and Corporate Governance Committee and Mr. Stich served as a member of the Nominating and Corporate Governance Committee until May 10, 2010. The Board of Directors determined that Messrs. Lucas and Stich were each independent as such term is defined for Nominating Committee members by the NASDAQ Stock Market listing standards.

The Nominating and Corporate Governance Committee assists the Board with its oversight responsibilities regarding the identification of qualified candidates to become Board members, the selection of nominees for election as directors at the next Annual Meeting of Stockholders (or special meeting of stockholders at which directors are to be elected), the selection of candidates to fill any vacancies on the Board, the selection of Board members for each committee of the Board, the development and recommendation to the Board of a set of applicable corporate governance guidelines and principles and oversight of the evaluation of the Board. While the Committee has not established minimum criteria for evaluating prospective director candidates, in determining if candidates are qualified to become Board members, it looks for the following attributes, which, among others, the Nominating and Corporate Governance Committee deems appropriate: personal and professional integrity, ethics and values; experience in corporate management, such as serving as an officer or former officer of a publicly held company; experience serving as a director of a privately or publicly held company; experience in our industry and with relevant social policy concerns; ability to make independent analytical inquiries; academic expertise in an area of our operations; and practical and mature business judgment. In addition, the Nominating and Corporate Governance Committee considers a number of other factors, including whether the prospective director nominee will foster a diversity of skills and experiences and will add to or complement the Board's existing strengths. The Nominating and Corporate Governance Committee will use the same standards to evaluate all director candidates, whether or not the candidates are proposed by stockholders. There have been no material changes to the process by which stockholders can nominate directors for election to the Board.

Bylaws and Committee Charters

You can access Spansion's bylaws and the charters of our Audit, Compensation and Nominating and Corporate Governance Committees at the Investor Relations page of our website at www.spansion.com or by

Table of Contents

writing to us at Corporate Secretary, Spansion Inc., 915 DeGuigne Drive, P.O. Box 3453, Sunnyvale, California 94088, or emailing us at Corporate.Secretary@spansion.com. We will provide you with this information free of charge. Please note that information contained on our website is not incorporated by reference in, or considered to be a part of, this document.

Mitigation of Risk Relating to Compensation

Spansion's management team and the Compensation Committee each play a role in evaluating and mitigating any risk that may exist relating to Spansion's compensation plans, practices and policies for all employees, including the Named Executive Officers. In addition, the Compensation Committee reviews Spansion's compensation practices, policies and programs to assess the risks associated with such practices, policies and programs. The risk-mitigating factors considered by the Compensation Committee, in addition to those described above under the heading *Role of the Board and Risk Oversight* include:

the use of different types of compensation that provide a balance of short-term and long-term incentives with fixed and variable components;

the use of performance-based incentive compensation for senior officers, including the Named Executive Officers, that rewards achievement and overachievement (subject to limits) of targeted corporate objectives and financial results;

the requirement under Spansion's insider trading policy that all vice presidents and above are subject to trading window and blackout periods and must obtain permission from Spansion's General Counsel before purchasing or selling any shares of Spansion securities at all times including during an open trading period; and

each of the Named Executive Officers as well as each of the other senior officers reporting directly to the Chief Executive Officer has implemented SEC Rule 10b5-1 trading plans.

Spansion has reviewed its compensation plans, practices and policies and has determined that it does not have any plans, practices or policies that create risks that are reasonably likely to have a material adverse effect on Spansion.

Compensation Committee Interlocks and Insider Participation

The individuals who served as members of the Compensation Committee during fiscal 2010 were Messrs. Bingham, Geyer, Shah, Lucas and Stich. No member of the Compensation Committee was at any time during fiscal 2010 or at any other time an officer or employee of Spansion, and no member had any relationship with Spansion requiring disclosure under Item 404 of Regulation S-K. None of our executive officers has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers who served as a member of the Board of Directors or the Compensation Committee during fiscal 2010.

Table of Contents**DIRECTOR COMPENSATION**

Spansion uses a combination of cash and equity-based incentive compensation to attract and retain qualified candidates to serve on the Board of Directors. Our independent director compensation is determined by the Board of Directors acting upon the recommendation of the Compensation Committee. In setting director compensation, our Board of Directors considers, among other things, the significant amount of time that directors spend in fulfilling their duties, the skill-level required by directors and competitive market data. Directors who are also employees of Spansion, or who are otherwise determined to not be independent, receive no additional compensation for service as a director. We may reimburse any of our directors for travel, lodging and related expenses they incur in attending Board of Directors and Board committee meetings.

Cash Compensation

During fiscal 2010, effective as of May 10, 2010, our current independent directors received fees for their services as set forth in the table below. Board retainer and meeting fees have not changed for fiscal 2011. All annual cash compensation is paid in quarterly installments.

Annual Retainer (1)	\$ 60,000
Additional Annual Retainers	
Chairperson	\$ 60,000
Audit Committee Chair	\$ 20,000
Compensation Committee Chair	\$ 20,000
Nominating and Corporate Governance Committee Chair	\$ 10,000
Fees for serving on a Board Committee (2)	\$ 5,000
Fees Per Board Meeting in Excess of Ten Board Meetings (3)	\$ 2,000

- (1) All independent directors, including directors serving as Chairperson, receive this annual retainer.
- (2) All independent directors serving on a Board Committee, excluding directors serving as Chairperson and Committee Chairs, receive this annual fee.
- (3) If in any calendar year an independent director is required to and does attend more than an aggregate of ten meetings of (i) our Board of Directors, and (ii) the specific Board committees (including ad hoc Board committees) on which he or she serves, such director will receive \$2,000 for each Board of Directors or Board committee meeting attended in person, or \$1,000 for each Board of Directors or Board committee meeting attended by telephone, in excess of ten meetings.

Prior to May 10, 2010, our independent directors received fees for their services as set forth in the table below. All annual cash compensation was paid in quarterly installments.

Annual Retainer (1)	\$ 54,000
Additional Annual Retainers	
Chairperson	\$ 90,000
Audit Committee Chair	\$ 13,500
Compensation Committee Chair	\$ 6,750
Finance Committee Chair	\$ 6,750
Nominating and Corporate Governance Committee Chair	\$ 6,750
Fees Per Board Meeting in Excess of Eight Board Meetings (2)	\$ 1,800
Fees Per Committee Meeting in Excess of 12 Committee Meetings (2)	\$ 1,800

- (1) All independent directors, including directors serving as Chairperson, received this annual retainer.

Table of Contents

- (2) If in any calendar year an independent director was required to and did attend (i) more than eight meetings of our Board of Directors, such director received \$1,800 for each Board meeting attended in excess of eight, or (ii) more than 12 meetings of a specific Board committee on which he served, such director received \$1,800 per such Board committee meeting in excess of 12.

Equity-Based Incentive Compensation

Currently, each independent director receives an initial stock option award exercisable for 25,000 shares of our Class A Common Stock and an initial restricted stock unit award of 15,000 units that convert upon vesting into 15,000 shares of our Class A Common Stock. These awards are made upon the director's appointment to our Board of Directors. In addition:

an independent director who serves as Chairperson of the Board will receive an additional initial stock option award exercisable for 35,000 shares of our Class A Common Stock and an additional initial restricted stock unit award of 25,000 units that convert upon vesting into 25,000 shares of our Class A Common Stock;

independent directors who serve as Chairs of the Audit or Compensation Committees will receive an additional initial stock option award exercisable for 30,000 shares of our Class A Common Stock and an additional initial restricted stock unit award of 10,000 units that convert upon vesting into 10,000 shares of our Class A Common Stock; and

an independent director who serves as Chair of the Nominating and Governance Committee will receive an additional initial stock option award exercisable for 15,000 shares of our Class A Common Stock and an additional initial restricted stock unit award of 5,000 units that convert upon vesting into 5,000 shares of our Class A Common Stock.

For each year of continued service starting with fiscal 2011, independent directors shall receive an annual stock option award exercisable for 20,000 shares of our Class A Common Stock and an annual restricted stock unit award of 7,500 units that convert upon vesting into 7,500 shares of our Class A Common Stock. In addition, for each year of continued service starting with fiscal 2011:

an independent director serving as the Chairperson of the Board will receive an additional annual stock option award exercisable for 30,000 shares of our Class A Common Stock and an additional annual restricted stock unit award of 12,500 units that convert upon vesting into 12,500 shares of our Class A Common Stock;

independent directors serving as Chairs of the Audit or Compensation Committees will receive an additional annual stock option award exercisable for 25,000 shares of our Class A Common Stock and an additional annual restricted stock unit award of 7,500 units that convert upon vesting into 7,500 shares of our Class A Common Stock; and

an independent director serving as Chair of the Nominating and Governance Committee will receive an additional annual stock option award exercisable for 12,500 shares of our Class A Common Stock and an additional annual restricted stock unit award of 3,750 units that convert upon vesting into 3,750 shares of our Class A Common Stock.

All of the stock options and restricted stock unit awards granted to our independent directors starting in fiscal 2010 vest in equal installments quarterly until the third anniversary of the grant date.

All annual equity-based compensation is awarded to independent directors on the first trading day in April of each year. On such day, each independent director who joined our Board of Directors at or prior to September 30 of the previous year is entitled to receive a full annual equity award, while each independent director who joined our Board between October 1 and March 31 of the previous year shall receive an annual equity award prorated based on the number of months served.

Table of Contents

Prior to May 10, 2010, each independent director received an initial stock option award and an initial restricted stock unit award, as well as annual stock option and restricted stock unit awards. However, all of these awards and the shares of our stock issued as a result of these awards were cancelled effective May 10, 2010.

Director Summary Compensation Table for Fiscal 2010

The following table provides information concerning compensation expense paid to or earned by each of our independent directors for fiscal 2010. Mr. Kispert, our President and Chief Executive Officer, does not receive additional compensation for his services as a director. Dr. Boaz Eitan, a former Executive Vice President and Chief Executive Officer, Spansion Israel, served as a member of our Board of Directors until May 10, 2010 and did not receive additional compensation for his services as a director.

Name (1)	Fees Earned			Total (\$)
	or Paid in Cash (\$)	Stock Awards (2) (\$)	Option Awards (2) (\$)	
Raymond Bingham	126,750	525,500	453,618	1,105,868
David K. Chao (3)	22,500	0	0	22,500
Eugene I. Davis	52,750	157,650	126,005	336,405
Hans Geyer	70,500	157,650	126,005	354,155
Donald L. Lucas (3)	94,425	0	0	94,425
Paul Mercadante	72,250	210,200	201,608	484,058
Ajay Shah	58,750	157,650	126,005	342,405
John M. Stich (3)	56,925	0	0	56,925
Clifton Thomas Weatherford	77,750	262,750	277,211	617,711

- (1) Mr. John H. Kispert, Spansion's President and Chief Executive Officer, is not included in this table because he is an employee of Spansion. The compensation received by Mr. Kispert as an employee of Spansion is shown in the Fiscal 2010 Summary Compensation Table on page 40.
- (2) Reflects the grant date fair value of each stock option and restricted stock unit award computed in accordance with FASB ASC Topic 718. The assumption used in valuation of these awards are set forth in the notes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the fiscal year ended December 26, 2010, filed with the Securities Exchange Commission on February 23, 2011. These amounts do not correspond to the actual value that will be recognized by the directors.
- (3) Messrs. Chao, Lucas and Stich resigned from the Board of Directors on May 10, 2010. All outstanding equity and equity awards held by them were cancelled at that time in connection with our emergence from bankruptcy.

As of December 26, 2010, the aggregate number of shares of Class A Common Stock underlying stock options and restricted stock unit awards for each of our independent directors was:

Name (1)	Aggregate Number of Shares Underlying Stock Options	Aggregate Number of Shares Underlying Restricted Stock Unit Awards
Raymond Bingham	90,000	50,000
David K. Chao	0	0
Eugene I. Davis	25,000	15,000
Hans Geyer	25,000	15,000
Donald L. Lucas	0	0
Paul Mercadante	40,000	20,000
Ajay Shah	25,000	15,000
John M. Stich	0	0
Clifton Thomas Weatherford	55,000	25,000

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

The following table sets forth the beneficial owners of more than five percent of the outstanding shares of Spansion Common Stock as of April 15, 2011. This information is based upon our records and other information available from outside sources. We are not aware of any other beneficial owner of more than five percent of any class of Spansion Common Stock. Except as otherwise indicated, to our knowledge, each person has sole investment and voting power with respect to the shares shown as beneficially owned.

Name and Address of Beneficial Owner	Title of Class	Number of Shares Beneficially Owned	Percent of Class Beneficially Owned (1)
Funds affiliated with Silver Lake (2) One Market Plaza	Class A	11,397,632	18.27%
	Class B	1	100%
Steuart Tower, 10th Floor Suite 1000 San Francisco, CA 94105			
FMR LLC (3)(4) 82 Devonshire Street Boston, MA 02109	Class A	4,097,552	6.57%

- (1) Based on 62,390,784 shares of Class A Common Stock and one share of Class B Common Stock outstanding as of April 15, 2011. Calculated in accordance with the rules of the Securities Exchange Act of 1934, as amended.
- (2) Based on information set forth in Amendment 4 to Schedule 13D filed with the Securities and Exchange Commission on November 19, 2010. The 11,397,632 shares shown in the table above are directly held and beneficially owned by SLS Spansion Holdings, LLC (SLS Spansion), Silver Lake Credit Fund, L.P. (the Credit Fund) and SL Capital Appreciation Fund, L.L.C. (the Cap Appreciation Fund). SLS Spansion holds 7,343,775 shares shown in the table above (shared voting power and shared dispositive power as to all shares). Silver Lake Sumeru Fund, L.P. (the Sumeru Fund) is the managing member of SLS Spansion, and Silver Lake Technology Investors Sumeru, L.P. (the Side Fund) is a member of SLS Spansion. Silver Lake Technology Associates Sumeru, L.P. (SLS Lower GP) is the general partner of each of the Sumeru Fund and the Side Fund. SLTA Sumeru (GP), L.L.C. (SLS Upper GP) is the general partner of SLS Lower GP. Although the Sumeru Fund, the Side Fund, SLS Lower GP and SLS Upper GP may be deemed to beneficially own the shares held by SLS Spansion by virtue of their relationship with SLS Spansion, each of them disclaims beneficial ownership of such shares, except to the extent of its pecuniary interest therein. The Credit Fund holds 3,756,332 shares shown in the table above (shared voting power and shared dispositive power as to all shares). Silver Lake Financial Associates, L.P. (SLF Lower GP) is the general partner of the Credit Fund. SLFA (GP), L.L.C. (SLF Upper GP) is the general partner of SLF Lower GP. Although SLF Lower GP and SLF Upper GP may be deemed to beneficially own the shares held by the Credit Fund by virtue of their relationship with the Credit Fund, each of them disclaims beneficial ownership of such shares, except to the extent of its pecuniary interest therein. The Cap Appreciation Fund holds 297,545 shares shown in the table above. (shared voting power and shared dispositive power as to all shares) Silver Lake Group, L.L.C. (SLG) is the managing member of the Cap Appreciation Fund, SLS Upper GP and SLF Upper GP and, in such capacity, may be deemed to beneficially own the shares directly held by the Cap Appreciation Fund and indirectly owned by SLS Upper GP and SLF Upper GP. SLG, however, disclaims beneficial ownership of such shares, except to the extent of its pecuniary interest therein.
- (3) Based on information set forth in a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2011. FMR LLC has sole voting power for 1,108,749 shares and sole dispositive power for 4,097,552 shares.
- (4) Edward C. Johnson 3d and FMR LLC, have the power to direct the disposition of the securities held by Fidelity Management & Research Company.

Table of Contents**SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth information known to us with respect to beneficial ownership of Spansion Class A Common Stock, as of April 15, 2011, for our current directors and the nominees for election as directors, each of our executive officers listed in the Fiscal 2010 Summary Compensation Table on page 40, and all of our directors and executive officers as a group. This ownership information is based upon information provided by the individuals.

Name	Shares Currently Owned	Shares Acquirable Currently or Within 60 Days	Aggregate Shares Beneficially Owned (1)	Percent of Class Beneficially Owned (1)(2)
John H. Kispert	61,943	267,535	329,478	*
Raymond Bingham	2,500	34,166	36,666	*
Eugene I. Davis	3,750	9,583	13,333	*
Hans Geyer	3,750	9,583	13,333	*
Paul Mercadante (3)	5,000	14,999	19,999	*
Ajay Shah (4)	3,750	9,583	13,333	*
Clifton Thomas Weatherford	6,250	20,416	26,666	*
Thomas T. Eby	0	0	0	*
Randy W. Furr	4,184	133,767	137,951	*
Ahmed Nawaz	0	71,787	71,787	*
James P. Reid	3,879	74,533	78,412	*
All directors and executive officers as a group (11 persons)	95,006	645,952	740,958	1.19%

* Less than one percent.

- (1) The number and percentage of shares beneficially owned is determined under the rules of the Securities and Exchange Commission, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any share which the individual has the right to acquire within 60 days of April 15, 2011, through the exercise of any stock option or the vesting of any restricted stock unit award. Unless otherwise indicated in the footnotes, each person has sole voting and investment power (or shares such powers with his or her spouse) with respect to the shares shown as beneficially owned.
- (2) Percent of class beneficially owned is based on 62,390,784 shares of Spansion Class A Common Stock outstanding as of April 15, 2011.
- (3) Mr. Mercadante is a managing member of SLS Upper GP and, as such, may be deemed to beneficially own the shares held by SLS Spansion (see Footnote 2 to the Security Ownership of Certain Beneficial Owners table on page 21). Mr. Mercadante, however, disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.
- (4)