

**CHARTER OF THE  
COMPENSATION COMMITTEE OF  
THE BOARD OF DIRECTORS OF  
SPANSION INC.**

This Compensation Committee Charter was amended by the Board of Directors (the “Board”) of Spansion Inc. (the “Company”) on May 10, 2010.

**I. Purpose**

The purpose of the Compensation Committee (the “Committee”) of the Board of the Company is to assist the Board in discharging the Board’s responsibilities regarding: (a) the establishment and maintenance of compensation and benefit plans, policies and programs designed to attract, motivate and retain personnel with requisite skills and abilities to enable the Company to achieve superior operating results; (b) the compensation of the Company’s Chief Executive Officers (the “CEO”), the Company’s other executive officers, as defined by Rule 3b-7 of the Securities Exchange Act of 1934, as amended (the “Act”), and the Company’s non-management directors; and (c) compliance with the compensation rules, regulations and guidelines promulgated by the New York Stock Exchange (“NYSE”), the Securities and Exchange Commission (the “SEC”) and other law, as applicable.

The Committee shall ensure that compensation programs are designed to encourage high performance, promote accountability and assure that employee interests are aligned with the interests of the Company’s stockholders. In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s bylaws and applicable law. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without the requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

**II. Membership**

The Committee shall be comprised of at least two directors, each of whom, in the determination of the Board, shall (a) satisfy the independence requirements of the NYSE, (b) qualify as a “non-employee director” within the meaning of Rule 16b-3 of the Act, and (c) qualify as an “outside director” under the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

The members of the Committee, including the Chairperson of the Committee (the “Chair”), shall be appointed by the Board. Committee members may be removed from the Committee, with or without cause, by the Board. Any action duly taken by the Committee shall

be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.

### **III. Meetings and Procedures**

The Chair (or in his or her absence, a member designated by the Chair) shall preside at each Committee meeting and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's bylaws that are applicable to the Committee.

The Committee shall meet on a regularly scheduled basis at least two times per year and more frequently as the Committee deems necessary or desirable.

All non-management directors who are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. The Committee, in its sole discretion, may include in its meetings members of the Company's management and any other person whose presence the Committee believes to be necessary or appropriate. The Committee may exclude from its meetings any person it deems appropriate, including but not limited to, any non-management director who is not a member of the Committee.

The Committee shall have the sole authority, as it deems appropriate, to retain and/or replace, as needed, any independent counsel, compensation and benefits consultants and other outside experts, advisors or consultants as the Committee believes to be necessary or appropriate. The Committee may also utilize the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee in its sole discretion, for payment of compensation to any such persons retained by the Committee.

The Chair shall report to the Board following meetings of the Committee and as otherwise requested by the Chairperson of the Board.

### **IV. Duties and Responsibilities**

1. The Committee shall, at least annually, review the compensation philosophy of the Company.

2. The Committee shall obtain information on market trends in executive compensation and shall review the competitiveness of the Company's executive compensation programs to ensure (a) the attraction and retention of executive officers; (b) the motivation of executive officers to achieve the Company's business objectives; and (c) the alignment of the interests of executive officers with the long-term interests of the Company's stockholders.

3. The Committee shall, at least annually, review and approve the corporate goals and objectives relating to CEO and other executive officer compensation, evaluate CEO and

executive officer performance in light of those goals and objectives, and determine and approve the compensation of the CEO and executive officers based on such evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's CEO in past years. The Committee shall review and make a recommendation to the board regarding the compensation of the CEO and executive officers, as well as all employment agreements and severance arrangements of the CEO and executive officers.

4. The Committee shall review and make recommendations to the Board with respect to all forms and amounts of compensation for members of the Board, including equity incentive plans or plan amendments requiring stockholder approval, taking into account consideration of the level of director compensation for directors of companies that the Committee determines are comparable based on factors it selects and the potential impact of excessive compensation on director independence.

5. The Committee shall make recommendations to the Board with respect to the Company's equity incentive plans, and shall have the authority to review and approve incentive compensation plans..

6. The Committee shall manage and periodically review all annual bonus, long-term incentive compensation, equity incentive, employee pension and welfare benefit plans, and with respect to each plan shall have responsibility for:

(i) general administration;

(ii) setting performance targets under all annual bonus and long-term incentive compensation plans as appropriate and committing to writing any and all performance targets for all executive officers who may be "covered employees" under Section 162(m) of the Code within the first 90 days of the performance period to which such target relates or, if shorter, within the period provided by Section 162(m) of the Code in order for such target to be "pre-established" within the meaning of Section 162(m);

(iii) certifying that any and all performance targets used for any performance-based equity incentive plans have been met before payment of any executive bonus or compensation or exercise of any executive award granted under any such plans;

(iv) approving all amendments to, and terminations of, all compensation plans and any awards under such plans;

(v) granting any awards under any performance-based annual bonus, long-term incentive compensation and equity incentive plans to executive officers or current employees with the potential to become the CEO or an executive officer, including stock options and other equity rights (*e.g.*, restricted stock, stock purchase rights);

(vi) approving which executive officers are entitled to awards under the Company's equity incentive plans; and

- (vii) repurchasing securities from terminated employees.

All periodic plan reviews should include reviewing the plan's administrative costs, reviewing current plan features relative to any proposed new features, and assessing the performance of the plan's internal and external administrators if any duties have been delegated.

7. The Committee shall establish and periodically review policies concerning perquisite benefits.

8. The Committee shall periodically review the need for a Company policy regarding compensation paid to the Company's executive officers in excess of limits deductible under Section 162(m) of the Code.

9. The Committee shall determine the Company's policy with respect to change of control or "parachute" payments.

10. The Committee shall manage and review executive officer and director indemnification and insurance matters.

11. The Committee shall manage and review any employee loans in an amount equal to or greater than \$75,000.

12. The Committee shall prepare and approve the Compensation Committee report to be included as part of the Company's annual proxy statement (the "Proxy Statement Report").

13. The Committee shall evaluate its own performance on an annual basis, including its compliance with this Charter, and provide any written material with respect to such evaluation to the Board, including any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.

14. The Committee shall review and reassess this Charter at least annually and submit any recommended changes to the Board for its consideration.

## **V. Delegation of Duties**

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, except that it shall not delegate its responsibilities set forth in paragraphs 3, 4 and 6 of Section IV above or for any matters that involve executive compensation or any matters where it has determined such compensation is intended to comply with Section 162(m) of the Code by virtue of being approved by a committee of "outside directors" or is intended to be exempt from Section 16(b) under the 1934 Act pursuant to Rule 16b-3 by virtue of being approved by a committee of "non-employee directors."