



**SpanSION Inc.**  
915 DeGuigne Drive  
Sunnyvale, California 94088

March 21, 2008

**TO THE FORMER BENEFICIAL SHAREHOLDERS OF SAIFUN SEMICONDUCTORS LTD. WHO HOLD SHARES THROUGH A BROKERAGE ACCOUNT OR IN "STREET NAME"**

We are pleased to announce that, in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of October 7, 2007 and amended as of December 12, 2007 (the "Merger Agreement"), by and among SpanSION Inc. ("SpanSION"), Atlantic Star Merger Sub Ltd. ("Merger Sub"), and Saifun Semiconductors Ltd. ("Saifun"), Merger Sub was merged with and into Saifun, and Saifun became a wholly-owned subsidiary of SpanSION (the "Merger") on March 18, 2008 (the "Closing"). As a result of the Merger, each ordinary share of Saifun (the "Saifun Shares") that was issued and outstanding immediately prior to the Closing was converted into the right to receive, without interest and less any applicable withholding taxes, (i) 0.7238 of a share of SpanSION Class A common stock, par value \$0.001 per share (the "SpanSION Stock"), together with the right to receive cash in-lieu of a fractional share of SpanSION Stock (the "Share Consideration") and (ii) approximately \$6.20 per share in cash, representing a distribution of a portion of Saifun's existing cash and cash equivalents, short term investment and marketable securities, without interest and less any applicable withholding taxes (the "Cash Distribution", and, together with the Share Consideration, the "Merger Consideration").

Your broker will handle the exchange of shares for you and will provide you with any relevant instructions to be followed for effecting the exchange. In the absence of instructions from your broker, the Merger Consideration, without interest and less withholding taxes, should be credited to your account with your broker.

***IMPORTANT INFORMATION REGARDING ISRAELI TAX WITHHOLDING REQUIREMENTS***

Saifun and SpanSION have obtained from the Israeli Tax Authorities (the "ITA") certain tax rulings relating to withholding and tax requirements in connection with the receipt of the Merger Consideration by the holders of Saifun Shares (the "Tax Rulings"). A description of the terms of the Tax Rulings and their effect on payment of the Merger Consideration is contained in the Israeli tax information form included herewith ("Israeli Tax Information Form"). In the absence of the Tax Rulings, maximum Israeli withholding requirements would apply with respect to payment of the Merger Consideration. As discussed further in the Israeli Tax Information Form, the Tax Rulings set forth certain exemptions from these withholding requirements.

**IMPORTANT NOTICE FOR SHAREHOLDERS WHO PURCHASED SHARES AFTER SAIFUN'S INITIAL PUBLIC OFFERING! IF YOU PURCHASED YOUR SAIFUN SHARES AFTER NOVEMBER 8, 2005 (THE DATE OF SAIFUN'S INITIAL PUBLIC OFFERING), UPON RECEIPT OF THE MERGER CONSIDERATION APPROXIMATELY \$1.84 PER SAIFUN SHARE OF ISRAELI INCOME TAX WILL HAVE BEEN WITHHELD FROM THE CASH DISTRIBUTION YOU WILL RECEIVE, AND AS A RESULT YOU WILL ONLY RECEIVE A CASH DISTRIBUTION OF APPROXIMATELY \$4.36 PER SAIFUN SHARE.**

Pursuant to the Tax Rulings, Saifun has withheld from the Cash Distribution the maximum Israeli withholding amount on the Cash Distribution paid to you, and placed such withholding amount in a trust account at Eitan, Mehulal, Pappo, Kugler Trustees Ltd. (the "Trustee"). The Israeli Tax Information Form enclosed herewith contains a detailed description of how such withholding amount was calculated. Pursuant to the Tax Rulings, you are entitled to certain exemptions from, or reductions in, tax withholding requirements on the Cash Distribution if you are a resident of a country which is a party to a tax treaty with the State of Israel that provides an exemption from these withholding requirements (each a "Treaty Country"). If you are a resident of a Treaty Country and believe you are entitled to an exemption from certain of these withholding requirements and to reclaim certain

amounts withheld in the trust account at the Trustee, you must return to your broker, and your broker must return to Computershare Trust Company, N.A. ("Computershare"), the payment agent for the transaction, by **WEDNESDAY, MAY 28, 2008**:

- a completed and executed copy of the enclosed "Tax Ruling Declaration" certifying that you are not an Israeli resident ("Declaration Form"), and
- documentary evidence satisfactory to the ITA of your residence in an applicable Treaty Country (a "Residency Certificate", and together with the Declaration Form, "Proof of Residence");<sup>1</sup>

**IF YOU FAIL TO DELIVER PROOF OF RESIDENCE TO YOUR BROKER BY WEDNESDAY, MAY 28, 2008 OR YOUR BROKER FAILS TO DELIVER THESE DOCUMENTS TO COMPUTERSHARE BY WEDNESDAY, MAY 28, 2008, THEN THE TRUSTEE WILL SUBMIT ALL AMOUNTS WITHHELD TO THE ITA, AND IF YOU BELIEVE THAT YOU ARE ENTITLED TO A REFUND, YOU WILL BE REQUIRED TO FILE A CLAIM DIRECTLY WITH THE ITA. PLEASE ALLOW ENOUGH TIME FOR ANY DOCUMENTS SUBMITTED TO YOUR BROKER TO BE RECEIVED BY YOUR BROKER AND DELIVERED BY YOUR BROKER TO COMPUTERSHARE AND RECEIVED BY COMPUTERSHARE BY WEDNESDAY, MAY 28, 2008.**

**IMPORTANT NOTICE TO SAIFUN SHAREHOLDERS WHO PURCHASED SAIFUN SHARES BEFORE SAIFUN'S INITIAL PUBLIC OFFERING OR OWNED MORE THAN 5% OF THE OUTSTANDING SAIFUN SHARES AT THE CLOSING.** Please note that if you purchased your Saifun Shares before November 8, 2005 (the date of Saifun's initial public offering) or owned more than 5% of the outstanding Saifun Shares (approximately equal to 1,570,136 or more Saifun Shares) at the Closing, your Share Consideration will not be automatically credited to your brokerage account and will, instead, be held in trust until certification of the amount of tax that is due. If you are a tax resident of a Treaty Country, you may be exempt from these withholding requirements (or a lower rate of withholding may apply) and you will have until **THURSDAY, MAY 1, 2008** to provide the Trustee with Proof of Residence. Additionally, you may be able to elect a deferral of tax in connection with the Share Consideration (and would thus be exempt from withholding requirements) in connection with the Share Consideration in accordance with Section 104H of the Tax Ordinance (New Version), 1961, as amended (the "Tax Ordinance"), if you deliver to the Trustee documentation to the satisfaction of Saifun and its legal counsel evidencing such election no later than **FRIDAY, APRIL 4, 2008**. Please note that if you purchased your Saifun Shares before Saifun's initial public offering or owned more than 5% of the outstanding Saifun Shares at the Closing, and are not able to establish a valid exemption to the withholding requirements on your Share Consideration, you will be required to provide a capital gain calculation in accordance with Section 91(d) of the Tax Ordinance, and any withholding requirements with respect to the Share Consideration will be deductible from cash amounts you are entitled to receive as the Cash Distribution and/or from the sale of a sufficient number of shares of Spansion Common Stock to be exchanged for your Saifun Shares. Please see the enclosed Israeli Tax Instruction Form for further information with respect to these withholding requirements.

*Note that if you have a valid certificate issued by the ITA providing exemption from withholding tax (or a lower rate of withholding) or for reduction in capital gains tax rate satisfactory to Saifun and its advisors ("ITA Certificate") you may be entitled to an exemption or a deduction of the amounts to be withheld if by **THURSDAY, MAY 28, 2008** you provide to your Broker, and your Broker provides to Computershare, your ITA Certificate.*

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<sup>1</sup> Please see the enclosed Israeli Tax Information Form for further information regarding what documents will be satisfactory to the ITA to prove your residence in an applicable Treaty Country. Please note that if you are a United States citizen you must order a Form 6166 from the United States Internal Revenue Service, which may take 45 days or more after filing a Form 8802 requesting the proof of residence. We urge you to contact your tax advisor and file a Form 8802 as soon as possible. If you have an address in the United States, this letter will be accompanied by a blank form 8802 for your potential use, if applicable.

**You are urged to consult your own tax advisors to determine the particular tax consequences to you as a result of the Merger, including, without limitation, the effect of any state, local or foreign income and any other tax laws and whether or not you should use this form.**

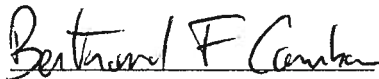
Enclosed for your information and use are copies of the following documents:

1. A Declaration Form.
2. If you have an address within the United States, a Form 8802.
3. An Israeli Tax Information Form.

**IMPORTANT NOTICE! PLEASE RETURN ALL APPLICABLE TAX DOCUMENTATION TO YOUR BROKER DIRECTLY, AND DO NOT SUBMIT ANY DOCUMENTATION DIRECTLY TO COMPUTERSHARE, SPANSION OR SAIFUN. IF YOU SUBMIT ANY DOCUMENTATION DIRECTLY TO COMPUTERSHARE, SPANSION OR SAIFUN, IT WILL BE RETURNED TO YOU AND YOU FACE THE RISK THAT YOU WILL NOT BE ABLE TO RESUBMIT THE DOCUMENTS TO YOUR BROKER IN SUFFICIENT TIME FOR YOU AND YOUR BROKER TO MEET THE ABOVE DEADLINES.**

If you have any questions regarding the exchange process, please feel free to contact Georgeson Inc. Banks at 866-357-4032 or the offices of Eitan, Mehulal, Pappo, Kugler Trustees Ltd., Tel: 972-9-9726000, Fax: 972-9-9726001, Attention: Guy Hadar, Adv. and Shira Rosenberg, Adv. (please note that the trustee is located in Israel and available during normal business hours in Israel, Sunday through Thursday). To receive additional copies of any documents provided herewith, you may also contact your broker.

Sincerely,



Dr. Bertrand Cambou  
President and Chief Executive Officer