



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

March 21, 2008

**TO THE FORMER REGISTERED SHAREHOLDERS OF SAIFUN SEMICONDUCTORS LTD.**

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").

Until you surrender your share certificate(s) (the "Share Certificate(s)") representing your Saifun Shares and deliver the Letter of Transmittal duly signed by you to the Exchange Agent, you will not receive the Merger Consideration in exchange for your Saifun Shares. No interest will be paid or will accrue on the Merger Consideration or any portion thereof. The cash portion of the Merger Consideration will be paid net of any applicable Israeli or U.S. federal, state or local withholding taxes. As of the Closing, you ceased to have any rights pertaining to the Saifun Shares or the ownership of Saifun, whether or not you surrender your Share Certificate(s), and you have only the right to receive the Merger Consideration into which your Saifun Shares have been converted, upon the surrender of your Share Certificate(s) and delivery of the Letter of Transmittal duly signed by you, and subject to the terms of the tax rulings referred to below.

***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 ("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! THE TAX RULINGS SET CERTAIN DEADLINES FOR SAIFUN SHAREHOLDERS TO BE ELIGIBLE TO CLAIM AN EXEMPTION FROM ISRAELI TAX WITHHOLDING REQUIREMENTS. ISRAELI INCOME TAX WILL BE WITHHELD AT MAXIMUM RATES FROM THE MERGER CONSIDERATION UNLESS YOU QUALIFY FOR CERTAIN EXEMPTIONS FROM CERTAIN WITHHOLDING REQUIREMENTS (AS DISCUSSED IN GREATER DETAIL IN THE ATTACHED ISRAELI TAX INFORMATION FORM).**

**IMPORTANT NOTICE FOR TAX TREATY RESIDENTS:** Please note that 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"). However, in order to benefit from these exemptions you must return and provide to Computershare Trust Company, N.A. ("Computershare"), by **WEDNESDAY, MAY 28, 2008:**

- your Share Certificate(s);
- a properly completed Letter of Transmittal, including a Form W-8 or W-9;
- 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>†</sup>

**IMPORTANT NOTICE FOR SAIFUN SHAREHOLDERS WHO PURCHASED SAIFUN SHARES BEFORE IPO.** Please note that if you purchased your Saifun Shares before Saifun's initial public offering, which occurred on November 8, 2005 ("Saifun's IPO"), the Share Consideration you will receive in exchange for your Saifun Shares will be subject to Israeli Tax withholding requirements unless you establish certain exemptions (as described in further detail in the Israeli Tax Information Form). 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) if you provide your Share Certificate(s), along with a properly executed and completed Letter of Transmittal and Proof of Residence to Computershare no later than **THURSDAY, MAY 1, 2008.** 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 Computershare 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 IPO, and you 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 you provide your ITA Certificate along with your Share Certificate(s) and a properly completed and executed Letter of Transmittal to Computershare by **THURSDAY, MAY 28, 2008.***

**IN ORDER TO BE ELIGIBLE FOR ANY APPLICABLE EXEMPTION TO OR REDUCTION OF THE ISRAELI TAX WITHHOLDING REQUIREMENTS, YOU MUST RETURN THE TAX DOCUMENTS INDICATED ABOVE, ALONG WITH YOUR SHARE CERTIFICATE(S) AND A PROPERLY EXECUTED LETTER OF TRANSMITTAL TO COMPUTERSHARE BY THE DATES**

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<sup>†</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 Form 6166. 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.

**INDICATED ABOVE. FAILURE TO PROVIDE THE REQUIRED DOCUMENTATION BY THE DATES INDICATED ABOVE WILL RESULT IN ISRAELI TAX WITHHOLDINGS AT THE MAXIMUM ISRAELI WITHHOLDING TAX RATES DESCRIBED IN THE ATTACHED ISRAELI TAX INFORMATION FORM AND IF YOU BELIEVE YOU ARE ENTITLED TO A REFUND OF ANY SUCH AMOUNTS WITHHELD, YOU WILL BE REQUIRED TO FILE A CLAIM DIRECTLY WITH THE ITA. YOU SHOULD ALLOW SUFFICIENT TIME FOR THE DOCUMENTS TO GET TO COMPUTERSHARE THROUGH THE MAIL, AND WE STRONGLY RECOMMEND THAT YOU USE REGISTERED MAIL FOR THE DELIVERY OF YOUR SHARE CERTIFICATE(S), LETTER OF TRANSMITTAL AND ANY APPLICABLE TAX DOCUMENTATION. IF YOU DO NOT PROVIDE THE REQUIRED DOCUMENTATION BY THE DATES INDICATED ABOVE, COMPUTERSHARE WILL NOT BE RESPONSIBLE IF YOU LOSE YOUR RIGHT TO ANY APPLICABLE EXEMPTION FROM ISRAELI TAX WITHHOLDINGS.**

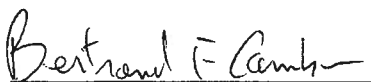
The attached Israeli Tax Information Form provides a description of the default, maximum Israeli tax withholding rates that will apply with respect to the different components of the Merger Consideration, which depend in part on when you purchased your shares and where you are a resident for tax purposes. **Additionally, we urge you 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 tax laws and any other tax laws in any jurisdiction and whether or not you should use this form.**

In order for you to receive the Merger Consideration, it is important for you to carefully read and follow the instructions in the enclosed Letter of Transmittal and Israeli Tax Information Form. Enclosed for your information and use are copies of the following documents:

1. A Letter of Transmittal for use in exchanging your Share Certificate(s) for the Merger Share Consideration, which includes instructions for completing the Letter of Transmittal.
2. A substitute Form W-9 and, if you have an address outside the United States, a Form W-8.
3. A Declaration Form.
4. If you have an address within the United States, a Form 8802.
5. An Israeli Tax Information Form.
6. A return envelope addressed to Computershare, as Exchange Agent for the Merger, for use in returning the completed and duly executed Letter of Transmittal, Form W-9 or W-8, your Share Certificate(s) and other tax-related documentation discussed in this letter.

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 Computershare at 1-800-546-5141. We appreciate your prompt completion and delivery of the Letter of Transmittal and the Declaration Form, together with the Share Certificate(s) representing your Saifun Shares and the other tax-related documentation discussed in this letter.

Sincerely,



Dr. Bertrand Cambou  
President and Chief Executive Officer