

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

This Compensation Committee Charter was adopted by the Board of Directors (the "Board") of Spansion Inc. on December 15, 2005.

I. PURPOSE

The purpose of the Compensation Committee of the Board is:

- (a) to discharge the Board's responsibilities relating to compensation of the Company's executives and directors, including by designing (in consultation with management or the Board), recommending to the Board for approval and evaluating the compensation plans, policies and programs of the Company; and
- (b) to produce an annual report on executive compensation for inclusion in the Company's proxy materials in accordance with applicable rules and regulations.

The Compensation 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 Compensation Committee in this Charter, the Compensation 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. The powers and responsibilities delegated by the Board to the Compensation Committee in this Charter or otherwise shall be exercised and carried out by the Compensation Committee as it deems appropriate without requirement of Board approval, and any decision made by the Compensation Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Compensation Committee hereunder) shall be at the Compensation Committee's sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Compensation Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by law, the Compensation Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

II. MEMBERSHIP

The Compensation Committee shall consist of not less than two members of the Board. All members of the Compensation Committee shall meet the independence requirements of the Nasdaq National Market, the "outside director" requirements of the regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986 (the "Code"), and the "non-employee director" requirements of Rule 16-b3 of the Securities Exchange Act of 1934. The members of the Compensation Committee and its Chair shall be appointed by and serve at the

discretion of the Board and 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 meeting of the Compensation Committee and set the agendas for Compensation Committee meetings. The Compensation 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 Compensation Committee.

The Compensation Committee shall meet quarterly and more frequently as the Compensation Committee deems necessary or desirable. The Compensation Committee shall maintain written minutes of its meetings, and the Secretary shall file such minutes with the minutes of the meetings of the Board.

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

The Compensation 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 advisors as the Compensation Committee believes to be necessary or appropriate and to approve the fees and retention terms of the advisors. The Compensation 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 Compensation Committee, for payment of compensation to any such persons retained by the Compensation Committee.

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

The Compensation Committee may act in reliance on management, the independent public accountants, internal auditors and outside advisors and experts as it deems appropriate.

The Compensation Committee has the authority to conduct any investigation it deems necessary or appropriate to fulfilling its duties.

The Compensation Committee shall have unrestricted access to the Company's independent auditors, internal auditors, employees and outside counsel, and may require any

employee of the Company or representative of the Company's outside counsel or independent auditors to attend meetings of the Compensation Committee or meet with any members of the Compensation Committee or representative of the Compensation Committee's counsel, advisors or experts.

IV. DUTIES AND RESPONSIBILITIES

1. The Compensation Committee shall have the authority to determine the form and amount of compensation to be paid or awarded to all executive officers of the Company, and to all other employees as delegated from time to time by the Board of Directors. The Compensation Committee may delegate authority to one or more of its members or to executive officers of the Company with respect to compensation determinations for persons who are not executive officers of the Company. The Compensation Committee shall make recommendations and report to the Board and other Board committees with respect to the compensation policies of the Company or any of the matters contained in this Article IV.

2. At least annually, the Compensation Committee shall review and approve the corporate goals and objectives relevant to Chief Executive Officer compensation and evaluate CEO performance in light of these goals and objectives. Based on this evaluation, the Compensation Committee shall make and review decisions respecting (i) salary paid to the CEO, (ii) the grant of cash-based bonuses and equity compensation to the CEO, (iii) the entering into or amendment or extension of any employment contract or similar arrangement with the CEO, subject to the approval of the Board, (iv) any CEO severance or change in control arrangement, subject to the approval of the Board, (v) any CEO retirement plans or deferred compensation plans and (vi) any other CEO compensation matters as from time to time directed by the Board. In determining the long-term incentive component of the CEO's compensation, the Compensation Committee will consider the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at companies that the Compensation Committee determines are comparable based on factors it selects, and the incentive awards given to the Company's CEO in prior years.

3. At least annually, the Compensation Committee shall review and approve the corporate goals and objectives relevant to non-CEO executive officer compensation. In light of these goals and objectives, the Compensation Committee shall make and review decisions respecting (i) salary paid to executive officers, (ii) the grant of cash-based bonuses and equity compensation awarded to executive officers, (iii) the entering into or amendment or extension of any employment contract or similar arrangement with executive officers, (iv) executive officer severance or change in control arrangements, any executive officer retirement plans or deferred compensation plans and (v) any other executive officer compensation matter as from time to time directed by the Board. In determining the long-term incentive component of executive officer compensation, the Compensation Committee will consider the Company's performance and relative stockholder return, the value of similar incentive awards to executive officers at companies that the Compensation Committee determines are comparable based on factors it selects, and the incentive awards given to the Company's executive officers in prior years.

4. Annually, the Compensation Committee shall review and make recommendations to the Board 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 approve for submission to shareholders all new stock option and equity compensation plans.

Notwithstanding the foregoing, the Compensation Committee shall (to the extent, if any, it determines to be advisable) grant stock options, stock appreciation rights and performance based awards designed to qualify as performance-based compensation within the meaning of Internal Revenue Code Section 162(m).

5. Provide oversight with respect to succession planning for the CEO and other executive officers.

6. Annually, the Compensation 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 consideration the level of director compensation for directors of companies that the Compensation Committee determines are comparable based on factors it selects and the potential impact of excessive compensation on director independence.

7. The Compensation Committee shall report on its activities at each meeting of the Board.

8. The Compensation Committee shall prepare and approve the Compensation Committee report for inclusion in the Company's proxy statement for the annual meeting of stockholders.

9. At least annually, the Compensation Committee shall review and reassess this Charter and submit any recommended changes to the Board for its consideration, and publish this Charter and any amendments hereto as required by applicable law.

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

V. DELEGATION OF DUTIES

In fulfilling its responsibilities, the Compensation Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Compensation Committee, except that it shall not delegate its responsibilities set forth in paragraphs 3 and 4 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."