

## SPANSION INC.

### PRINCIPLES OF CORPORATE GOVERNANCE

These Principles of Corporate Governance were amended and restated by the Board of Directors of Spansion Inc. in February 2013.

#### A. Summary

The Board of Directors of Spansion Inc. (the “Company”) is responsible for selecting the Chief Executive Officer of the Company, monitoring the operating performance and financial condition of the Company, and overseeing the Company’s adherence to corporate standards. The Board has developed these guidelines as a framework of its oversight activities devoted to protecting and advancing the long term interests of stockholders and other stakeholders, who include employees, customers, suppliers, creditors and the communities where the Company’s principal operations are located. Because these guidelines are interpreted in the context of all applicable laws and the Company’s charter documents, these guidelines are not intended to serve as a set of legally binding obligations. The Board will continue to assess the appropriateness and effectiveness of these principles and to update these guidelines periodically as needed.

#### B. Composition, Selection and Orientation of the Board

1. Board Membership Criteria; Policy Statement on Majority Voting. The Nominating and Corporate Governance Committee is responsible for determining the skills, experience and characteristics required of members of the Board, and for recommending to the Board nominations for membership. In making this determination, the Nominating and Corporate Governance Committee may consider the following criteria, among others the Nominating and Corporate Governance Committee deems appropriate: (a) personal and professional integrity, ethics and values; (b) experience in corporate management, such as serving as an officer or former officer of a publicly held company, and a general understanding of marketing, finance and other elements relevant to the success of a publicly-traded company in today’s business environment; (c) experience in the Company’s industry and with relevant social policy concerns; (d) experience as a board member of another publicly held company; (e) ability to make independent analytical inquiries; (f) academic expertise in an area of the Company’s operations; and (g) practical and mature business judgment, including ability to make independent analytical inquiries. The Nominating and Corporate Governance Committee will, if appropriate, engage search firms as well as evaluate recommendations from stockholders. The Nominating and Corporate Governance Committee will also consider the following factors in connection with its evaluation of each prospective nominee: (v) whether the prospective nominee will satisfy the independence requirements of the New York Stock Exchange; (w) whether the prospective nominee will foster a diversity of skills and experiences; (x) whether the prospective nominee possesses the requisite education, training and experience to qualify as “financially literate,” as determined by the Board in its business judgment, or as an “audit committee financial expert” under applicable Securities and Exchange Commission rules and New York Stock Exchange

listing standards; (y) for each incumbent director standing for re-election, the Nominating and Corporate Governance Committee will assess such incumbent director's performance during his or her term, including the number of meetings attended, level of participation, and overall contribution to Spansion; and (z) composition of Board and whether the prospective nominee will add to or complement the Board's existing strengths.

In furtherance of the principles regarding majority election of Directors set forth in Article III, Section 3.3 of the Bylaws of the Company, the Board expects each incumbent Director who is nominated for re-election to the Board to resign from the Board if he or she fails to receive the required number of votes for re-election in accordance with the Bylaws of the Company and the resignation is accepted in accordance with the Company's Bylaws.

2. Selection and Orientation of Directors. Based upon the recommendations of the Nominating and Corporate Governance Committee, the Board shall nominate candidates for election by the stockholders. In accordance with the Amended and Restated Certificate of Incorporation of the Company (the "Restated Certificate"), the Board will also be responsible for filling vacancies or newly-created directorships on the Board that may occur between annual meetings of stockholders. New Directors will be promptly provided with a comprehensive set of materials on the operations, finances, business plan and corporate governance standards of the Company, and as soon as possible will attend briefings by the Company's officers, other members of management, the internal auditor and the independent auditor. All Directors are encouraged to participate, at the Company's expense, in continuing education programs for corporate directors, and are otherwise expected to be informed about the Company and effective corporate governance practices.

### C. Board Composition

1. Size of the Board. The Board presently has eight (8) members. The number of directors may not be less than three (3), and may be increased to accommodate new candidates, provided that there may be no more than nine (9) directors at any time; *provided, however*, that if the Aggregate Ownership Interest of Silver Lake represents five percent (5%) or more of the outstanding Common Stock of the Company, the number of directors may be no greater than eight (8). All capitalized terms in the preceding sentence shall have the meanings ascribed to them in the Restated Certificate unless otherwise defined in these Principles of Corporate Governance.

2. Majority of Independent Directors. The policy of the Board is that it should include a substantial majority of "independent" directors. No more than two (2) employees of the Company may serve on the Board at the same time. An "Independent Director" will qualify as "independent" only if he or she meets the independence test set out in the New York Stock Exchange Listed Company Manual. The Board shall make an annual determination of the independence of each member of the Board, in accordance with applicable laws, regulations and stock exchange listing requirements.

3. Change of Principal Occupation. Each Director must notify the Chairperson (the “Chair”) of the Board when his or her principal occupation changes. In addition, if a Director’s principal occupation changes substantially from the position he or she held when originally invited to join the Board, the Director shall tender a resignation to the Chair and to the Chair of the Nominating and Corporate Governance Committee. Such committee shall review the circumstances to determine whether continued Board membership is appropriate and recommend to the Board the acceptance or rejection of the resignation.

4. Ownership of Company Stock. Each Director is expected to own stock or other equity securities of the Company in an amount that is appropriate for such Director’s circumstances.

5. Other Directorships. Serving on other boards of directors broadens the knowledge and experience of a Director, and enhances the ability of a Director to contribute and participate effectively on the Board. At the same time, however, obviously no Director can serve the Company effectively without dedicating substantial time and energy to Board duties. Any Director who serves on two public company boards or two public company audit committees in addition to the Company’s Board or Audit Committee, as applicable, should receive approval from the Nominating and Corporate Governance Committee and the Chair of the Board before accepting an invitation to serve on an additional board of directors.

6. Term Limits. The Board has not established term limits. While term limits offer some advantages, the Board believes that any benefit is outweighed by the disadvantage of losing experienced Directors who have developed valuable insight into the Company and its operations, strategies, plans and potential. As an alternative to term limits, the Nominating and Corporate Governance Committee reviews the effectiveness of each Director to the Board on an annual basis in deciding whom to nominate for election by the stockholders.

7. Compensation. The Company’s officers who are members of the Board will not receive any additional compensation for serving as a Director. The Independent Directors will not receive any compensation from the Company other than their Director’s fees and equity awards. The form and amount of fees paid and equity granted to Independent Directors for serving on the Board and its committees should be competitive in light of industry practices and the obligations imposed by such service. Accordingly, on an annual basis, the Company’s management shall report to the Compensation Committee its considered view of the adequacy and fairness of Board compensation in relation to comparable U.S. companies and good governance practices. The Compensation Committee will in turn report its assessment to the Board. In order to align the long-term interests of the Directors with those of stockholders, a substantial portion of director compensation should be provided in equity interests of the Company. There is no pension or retirement plan for directors. Any changes in Board compensation should be first proposed by the Compensation Committee and then discussed and voted on by the full Board of Directors.

## **D. Board Leadership**

1. Chair of the Board. The Board will choose the Chair of the Board at its first meeting after each annual meeting of stockholders. The Board does not have a policy on whether the role of the Chair and Chief Executive Officer should be separate or combined offices. The Chair presides at all meetings of the Board and the stockholders. The Chair is responsible for setting Board meeting dates and locations, setting meeting agendas, and presiding over all Board meetings. In exercising this leadership, the Chair should consult the Lead Independent Director (see Section D(2) below), the Chief Executive Officer (if a different person), and the Board as a whole.

2. Lead Independent Director. If the Chair of the Board is not an Independent Director, the Independent Directors shall select the Lead Independent Director from the Company's Independent Directors at their first executive session after each annual meeting of stockholders. The Lead Independent Director will coordinate the activities of the Independent Directors, chair the executive sessions of the Independent Directors (see Section E(4) below), and ensure that there is full and candid communication between the Independent Directors and the Chief Executive Officer.

## **E. Committees and Executive Sessions**

1. Number, Structure and Independence of Committees. The Board shall have three standing committees: Audit Committee; Nominating and Corporate Governance Committee; and Compensation Committee. The Audit Committee, which is comprised solely of Independent Directors, is responsible for overseeing (a) the integrity of the Company's financial statements and corporate accounting policies; (b) the qualifications, independence and performance of the Company's independent auditor; and (c) the Company's internal audit, compliance, accounting and financial reporting processes. Director's fees and equity awards are the only compensation an Audit Committee member may receive from the Company. Each member shall be financially literate and at least one will be an "audit committee financial expert." The Nominating and Corporate Governance Committee, which is comprised solely of Independent Directors, is responsible for determining the selection criteria and evaluating potential candidates for Board membership and recommending to the Board candidates for nomination. In addition, this committee is responsible for making recommendations to the Board on all corporate governance issues, and for annual evaluations of the performance of each director and the Board as a whole. The Compensation Committee, which is comprised solely of Independent Directors, is responsible for reviewing, approving and making recommendations to the Board regarding all Company executive compensation policies, plans and programs, the terms and conditions of compensation agreements between the Company and executive officers and Company-wide compensation and benefit programs. From time to time the Board may establish a new committee or disband a committee depending upon the circumstances.

2. Committee Charters. Each of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee shall have a written charter that sets forth the purpose, responsibilities and duties of the committee and these charters are available on the Company's website at [www.spansion.com](http://www.spansion.com).

3. Assignment and Rotation of Committee Members. The Nominating and Corporate Governance Committee shall make recommendations to the Board regarding the assignment of Board members to various committees. The Board shall determine the Chair and membership of each committee. Committee membership and the position of the committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interests of the Company.

4. Executive Sessions of Independent Directors. The Independent Directors of the Board shall meet in executive sessions at least quarterly. The Lead Independent Director shall preside at the executive sessions (see Section D(2) above).

5. Meeting Schedules and Agendas. The Chair of each Board committee and the Lead Independent Director shall determine the frequency and length of meetings of his or her committee and develop the committee's agenda. At the beginning of each fiscal year, each committee shall provide to the Board a schedule of meetings and the proposed agenda items to be discussed in the ensuing year (to the extent such items can be forecast). The Chair of each committee and Lead Independent Director will report regularly to the Board on the substance of the committee meetings.

## **F. Meeting Procedures**

1. Schedule of Meetings and Director Attendance. At the beginning of each fiscal year, the Chair of the Board shall prepare and distribute a proposed schedule of Board meetings for the year. Each Director is expected to attend and participate in the meetings of the Board and those Board committees of which he or she is a member. In all decisions concerning the Company, each Director is responsible for considering the long-term interests of the stockholders and other stakeholders in light of the circumstances and acting in the best interests of the Company.

2. Agendas. The Chair of the Board, in consultation with the Chief Executive Officer and Chair of the Nominating and Corporate Governance Committee or Lead Independent Director, if any, shall establish the agenda for each Board meeting. Each Director is encouraged to submit items for inclusion on the agenda and may raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

3. Written Materials. Information and data that are important to the Board's understanding of the Company's business should be distributed in writing (by delivery of physical copies or electronic delivery) to all members of the Board before each Board meeting so that the Directors have adequate time to consider the agenda items. Each Director is expected review the materials prior to the Board meeting.

## **G. Management Selection and Development**

1. Chief Executive Officer. The Board shall choose the Chief Executive Officer and all other senior executive officers at its first meeting after each annual meeting of the stockholders.
2. Evaluation of Management. The non-management directors shall evaluate the performance of the Chief Executive Officer on an annual basis. The evaluation of the Chief Executive Officer should be based on performance criteria determined by the Compensation Committee and the Board, with input from the Chief Executive Officer
3. Succession Planning. The Nominating and Corporate Governance Committee works on a periodic basis with the Chief Executive Officer to review, maintain and revise, if necessary, the Company's succession plan upon the Chief Executive Officer's retirement and in the event of an unexpected occurrence. The Chief Executive Officer shall report annually to the Board on succession planning for the Chief Executive Officer and senior management positions, including a discussion of assessments, leadership development plans and other relevant factors. There should also be available to the Nominating and Corporate Governance Committee, on a continuing basis, the Chief Executive Officer's recommendations regarding his or her successor should he or she be unexpectedly disabled.
4. Management Development. The Chief Executive Officer shall make an annual report to the Board regarding the Company's program for management development. The Board shall determine that a satisfactory system is in effect for the education, development and succession of officers and senior and mid-level managers throughout the Company.

## **H. Board Relationship with Senior Management**

1. Board Access to Senior Management and Independent Advisors. Board members should have open access to the Company's executive officers and other members of management. Each Director should keep the Chair of the Board and the Chief Executive Officer apprised of his or her discussions with the Company's management. The Board also may retain at the Company's expense such outside legal, accounting and other advisors as the Board or its committees may deem necessary or appropriate in order to carry out its functions and responsibilities.
2. Communications. Generally, the Company's management should speak for the Company and coordinate communications with the general public, press, customers, securities analysts and stockholders. When comments from the Board are appropriate, the Chair of the Board or the Lead Independent Director should make such comments as circumstances suggest.

## **I. Performance Evaluations**

1. Performance of the Board and Board Committees. The Board and each Board committee should conduct a self-evaluation of its performance on an annual basis to determine whether the Board and its committees are functioning effectively. In order to improve the effectiveness of the Board and its committees, these assessments should specifically review those areas where the Board members or management believe a more effective contribution can be made. The Nominating and Corporate Governance Committee is responsible for overseeing such evaluations.

2. Performance of the Directors. The Nominating and Corporate Governance Committee shall evaluate the performance of each Director on an annual basis. In evaluating Director performance, the committee should consider attendance and preparedness at Board meetings, participation in voting, discussion and decision-making and overall contribution to the performance of the Board, its committees and the Company.

## **J. Ethics and Conflicts of Interest**

Each Director commits to act ethically at all times, and in compliance with the Company's Code of Business Conduct. The Board will not permit the waiver of any ethical policy for any Director or executive officer. Board member conflicts of interest must be disclosed immediately to the Chair of the Board, the Chief Executive Officer (if the office is separate from the Chair of the Board), and the Lead Independent Director.

## **K. Director Responsibilities**

1. Generally. A director is expected to discharge his or her director duties, including duties as a member of any committee on which he or she serves, in good faith and in a manner the director reasonably believes to be in the best interests of the corporation and its stockholders.

2. Disclose Relationships. Each Independent Director is expected to disclose promptly to the Board any existing or proposed relationships with the Company (other than service as a Board member or on Board committees) which could involve a conflict of interest or which could affect the independence of the Director under applicable listing standards or any additional standards as may be established by the board from time to time, including direct relationships between the Company and the Director, and indirect relationships between the Company and any business, nonprofit or other organization in which the Director is a general partner or manager, officer, or significant stockholder, or is materially financially interested.

3. Reporting and Compliance Systems. Based on information available to the Director, each Director should be satisfied that Company management maintains an effective system for timely reporting to the Board or appropriate Board committees on the following: (a) the Company's financial and business plans, strategies and objectives;

(b) the recent financial results and condition of the Company and its business segments; (c) significant accounting, regulatory, competitive, litigation and other external issues affecting the Company; and (d) systems of control which promote accurate and timely reporting of financial information to stockholders and compliance with laws and corporate policies. Each Director is expected to have a basic understanding of the foregoing matters to the extent information is furnished by management or otherwise available to the Board.

**L. Transactions Affecting Director Independence**

Without the prior approval of a majority of disinterested members of the Board, and, if required by the listing standards, the Audit Committee, the Company will not make significant charitable contributions to organizations in which a Director or a family member of the Director is affiliated, enter into consulting contracts with (or otherwise provide indirect forms of compensation to) a Director, or enter into any relationships or transactions (other than service as a Director and Board committee member) between the Company and the Director (or any business or nonprofit entity or organization in which the Director is a general partner, controlling stockholder, officer, manager, or trustee, or materially financially interested).