

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
OF SPANSION INC., et al., DEBTORS**  
CHAPTER 11 CASE NO. 09-10690 (KJC) JOINTLY ADMINISTERED

c/o Paul, Hastings, Janofsky & Walker LLP  
75 East 55th Street  
New York, NY 10022-3205

December 21, 2009

**TO: UNSECURED CREDITORS OF SPANSION INC., et al. / HOLDERS OF CLAIMS  
IN PLAN CLASSES 5A, 5B AND/OR 5C**

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A. The Official Committee of Unsecured Creditors (the “Committee”) of Spansion Inc., et al., debtors and debtors in possession (collectively, the “Debtors”), appointed on March 12, 2009 pursuant to section 1102 of title 11 of United States Code, writes to advise you of its recommendations regarding the Debtors’ Second Amended Joint Plan of Reorganization Dated December 9, 2009 (the “Debtors’ Plan”). Any capitalized terms used but not defined herein have the meaning ascribed to such terms in the Debtors’ Plan.

B. The Committee is comprised of some of the Debtors’ largest trade creditors and also includes representatives of the holders of Senior Notes and Exchangeable Debentures. The Committee retained Paul, Hastings, Janofsky & Walker LLP as counsel, Young Conaway Stargatt & Taylor LLP as local counsel and FTI Consulting, Inc. as financial advisors.

THE MEMBERS OF THE COMMITTEE – WHICH REPRESENT THE INTERESTS OF ALL UNSECURED CREDITORS OF THE DEBTORS – UNANIMOUSLY REJECT THE DEBTORS’ PLAN AND RECOMMENDS THAT **HOLDERS OF UNSECURED CLAIMS IN CLASSES 5A, 5B AND/OR 5C VOTE TO REJECT THE DEBTORS’ PLAN IN ACCORDANCE WITH THE INSTRUCTIONS SET FORTH ON THE BALLOTS. *Each Creditor must, however, make its own independent decision as to whether or not the Debtors’ Plan is acceptable to that Creditor before voting to accept or reject the Debtors’ Plan. Please see paragraph E below for important information with respect to updates to be provided by the Committee to unsecured creditors after the date hereof.***

C. On December 14, 2009, the Bankruptcy Court considered approval of the Debtors’ Second Amended Disclosure Statement for Debtors’ Second Amended Joint Plan of Reorganization Dated December 9, 2009. During this hearing, the Bankruptcy Court indicated that certain issues raised by the Committee with respect to the Debtors’ Plan were “troubling”. The Court further indicated that such issues would be considered by the Court in the context of confirmation of the Debtors’ Plan. Finally, the Bankruptcy Court stated that to the extent that the Court determines at the February 11-12, 2010 hearings regarding confirmation of the Debtors’ Plan, that the Debtors’ Plan cannot be confirmed (either for reasons stated by the Committee herein or for other reasons), the Court would likely not maintain or extend the period of exclusivity for Debtors to file a plan of reorganization, and will likely permit the Debtors’

creditor constituencies, including the Committee, to propose alternative plans of reorganization of the Debtors.

D. **The Debtors' Plan.** It is the belief of the Committee and its advisors that the Debtors' Plan negatively impacts the rights of unsecured creditors, among other things, in the following ways:

1. By providing as part of the recovery to the FRNs a non-prepayable convertible debt instrument (the "Convertible Debt Instrument") that, if exercised, will have a materially dilutive effect<sup>1</sup> upon the equity to be distributed to unsecured creditors and may provide for more than a 100% recovery to the FRNs; and
2. By stripping from the Committee and the unsecured creditors the right to elect or designate any directors to the Initial Board of Reorganized Spansion Inc., despite the fact that unsecured creditors stand to receive 100% of the equity in Reorganized Spansion Inc. (subject to dilution from conversion of the Convertible Debt Instrument and the equity incentive program to management, directors and/or employees of Reorganized Spansion Inc.).
3. By providing an equity incentive package for management, directors and/or employees of Reorganized Spansion Inc. which is now worth millions of dollars more than what had previously been agreed to with the Committee in October, 2009 without any justification. The total equity incentive package for management could be worth in excess of \$85 million.

As a result of these and certain other terms of the Debtors' Plan that negatively impact the rights of unsecured creditors, the Committee believes that it is in the best interest of unsecured creditors to vote to **REJECT** the Debtors' Plan. FURTHER, EVEN IF THE UNSECURED CREDITORS VOTE TO REJECT THE DEBTORS' PLAN AND THE DEBTORS' PLAN IS NEVERTHELESS CONFIRMED BY THE BANKRUPTCY COURT, THE UNSECURED CREDITORS WILL RECEIVE THE DISTRIBUTIONS DESCRIBED IN THE DEBTORS' PLAN REGARDLESS OF WHETHER THEY VOTED TO REJECT OR ACCEPT THE DEBTORS' PLAN. The Debtors disagree with all of the Committee's contentions contained in this letter.

E. **Voting Deadline and Internet Updates.** The deadline by which all votes to either accept or reject the Debtors' Plan must be submitted is **February 4, 2010** (the "Voting Deadline"). From time to time until the Voting Deadline, the Committee may provide important updates regarding these matters on its website (the "Committee Website") at <http://www.spansioncommittee.com/>, including any changes to its recommendation that

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<sup>1</sup> Upon exercise of the conversion rights, the holders of the Convertible Debt Instrument would receive approximately 29% of the equity of Reorganized Spansion Inc. (prior to management reserved shares).

unsecured creditors vote to reject the Debtors' Plan. Specifically, the Committee intends to provide updates to unsecured creditors with respect to the Debtors' refinancing efforts (the consummation of which may render moot certain of the issues raised herein) and other matters relevant to the Debtors' Plan. Any such updates will be posted to the Committee Website by no later than January 25, 2010, 5:00 p.m. (EST). For that reason, the Committee requests that unsecured creditors not submit their ballots in connection with the Debtors' Plan until after January 25, 2010, which will allow unsecured creditors an opportunity to consult the Committee Website for the update prior to voting and still have approximately 10 days to cast their ballots before the Voting Deadline.

F. **Recommendation.** Unsecured creditors in Class 5A, Class 5B, and/or Class 5C should vote to **REJECT** the **DEBTORS' PLAN UNLESS** otherwise indicated pursuant to any updates posted on the Committee Website.

The Debtors have provided you with a ballot in connection with their plan of reorganization. In order to have your vote counted with respect to the Debtors' Plan, you must complete and return the ballot in accordance with the procedure set forth therein. PLEASE READ THE DIRECTIONS ON THE BALLOT CAREFULLY AND COMPLETE YOUR BALLOT IN ITS ENTIRETY BEFORE RETURNING IT TO THE DEBTORS' BALLOTING AGENT.

THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS OF SPANSION INC., *et al.*