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Spansion Announces MirrorBit(R) Quad Technology - World's First 4-Bit-Per Cell Flash Memory

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Spansion(TM) MirrorBit Quad Technology to Expand Flash Memory Innovation for Electronic Devices With Solutions From New Media Storage Division

SUNNYVALE, Calif., Sept. 25 /PRNewswire-FirstCall/ -- Spansion Inc. (Nasdaq: SPSN), the world's largest pure-play provider of Flash memory solutions, today demonstrated working silicon of the industry's first four-bit-per-cell Flash memory technology, produced at its Fab 25 production facility in Austin, Texas. Spansion(TM) MirrorBit(R) Quad technology is designed to expand Flash memory innovation and lower the cost of storing significant amounts of digital content inside electronic devices.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20060118/SFW077LOGO>)

The technology will be the basis for a family of differentiated data storage solutions created for the integrated Flash memory market by Spansion's newly created Media Storage Division. Spansion also plans to partner with leading companies to bring digital media solutions to segments of the removable market. Production of MirrorBit Quad 512Mb, 1Gb, and 2Gb products on 90nm is planned by year-end, followed by 1Gb, 2Gb, 4Gb, 8Gb and 16Gb products on 65nm in 2007.

"This is a significant milestone not only for Spansion, but for the entire Flash memory industry," said Bertrand Cambou, president and CEO of Spansion Inc. "The increased storage capacity, small size and improved cost structure of MirrorBit Quad solutions will change the way consumers store and interact with their content -- easily accessible within their devices -- whether in cell phones, navigation systems, set top boxes or removable applications."

During a press event in Beijing, China, Spansion demonstrated the working silicon through an MP3 application and a camera capturing a 5 Megapixel digital photo of the Dong Yuan Theatre in Beijing on a MirrorBit Quad-based Flash Memory card. These demonstrations are examples of the range of applications that can be enabled by MirrorBit Quad technology in select digital media applications in the removable market as well as for data storage in the integrated electronics market. The first products based on MirrorBit Quad technology are expected to be announced later this year.

MirrorBit Technology - for Code, Data Storage and Mass Storage Solutions

Spansion's MirrorBit technology delivers value-added code and data storage solutions for customers across the integrated electronics market. Spansion believes that MirrorBit Quad technology is the next step for mass data storage within the integrated electronics market, with plans for a variety of different interfaces and capabilities that will expand the Flash memory storage capabilities of devices with integrated Flash memory.

"The implementation of 4-bit-per-cell technology will open up new avenues of applications," said Jim Handy, Semico Research Corporation Analyst. "Spansion's proven nitride-based MirrorBit technology, coupled with the industry-tested MLC approach to multiplying flash density, promises to drive flash costs to the next level of affordability."

How MirrorBit Quad Technology Works

MirrorBit Quad technology, as with Spansion's two-bit-per-cell MirrorBit technology, stores charges in two distinct locations on a non-conducting nitride storage medium to deliver fundamental cost, quality and manufacturing advantages over floating-gate technology. While two-bit-per-cell MirrorBit technology stores one bit per storage location, MirrorBit Quad stores two bits per storage location. In addition, MirrorBit Quad has the headroom to support even more bits-per-cell in the future. Due to the increased storage capacity per cell, MirrorBit Quad technology is capable of delivering up to 30 percent smaller effective cell size per bit than floating-gate MLC NAND Flash memory technology at the same process technology node.

New Media Storage Division

Spansion has created a new division to serve the mass storage segment of the integrated market as well as digital media applications in certain segments of the removable market. The new Media Storage Division will be led by Hans Wildenberg, executive vice president. Wildenberg brings over 25 years of experience in the wireless and semiconductor industries to his current role. He previously served as corporate vice president of Spansion's Wireless Solutions Division in Japan. Before that, Wildenberg was chief operating officer of Fairchild Semiconductor, overseeing the daily activities of Fairchild's 9,500 employees and its global operations. Wildenberg also spent 16 years with Motorola Semiconductors Products Sector (SPS) where he held management and executive-level positions in nearly all aspects of the company's business including marketing, sales, operations and order fulfillment.

About Spansion

Spansion is a leading Flash memory solutions provider, dedicated to enabling, storing and protecting digital content in the wireless, automotive, networking and consumer electronics markets. Spansion, previously a joint venture of AMD and Fujitsu, is the largest company in the world dedicated exclusively to developing, designing, and manufacturing Flash memory products and systems. For more information, visit

www.spansion.com.

Cautionary Statement

This release contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements regarding the future impact of MirrorBit Quad technology on the Flash memory industry and consumer behavior, expectation of when the first products based on MirrorBit Quad technology will be announced, and belief that MirrorBit Quad technology will be the next step for mass data storage within the integrated electronics market. Investors are cautioned that the forward-looking statements in this release involve risks and uncertainties that could cause actual results to differ materially from the company's current expectations. Risks that the company considers to be the important factors that could cause actual results to differ materially from those set forth in the forward-looking statements include the possibility that demand for the company's Flash memory products will be lower than currently expected; that the company will lose rights to key intellectual property arrangements and be subject to intellectual property infringement claims; that customer acceptance of MirrorBit technology will not continue to increase; that OEMs will increasingly choose NAND-based Flash memory products over NOR- and MirrorBit ORNAND-based Flash memory products for their applications; that there will be a lack of customer acceptance of MirrorBit ORNAND-based Flash memory products; that the company will lose a significant customer; that the company will be adversely affected by its substantial indebtedness; that the company will not be able to timely and cost-effectively design and implement an enterprise-wide information system; that the company will not be able to raise sufficient capital to enable it to establish leading-edge capacity to meet product demand and maintain market share; that the company will not be able to reduce expenses; that the company may not achieve its current product and technology introduction or implementation schedules; that the company may not achieve its facilities and capacity implementation schedules; that the company will be able to meet customer demand during cyclical industry or economic downturns; that competitors may introduce new memory technologies that may make the company's Flash memory products uncompetitive or obsolete; and that the company's book-to-bill ratio may not be an accurate indicator of future sales. The company urges investors to review in detail the risks and uncertainties in the company's Securities and Exchange Commission filings, including but not limited to the company's Quarterly Reports on Form 10-Q for the quarters ended March 26, 2006 and July 2, 2006. The company assumes no obligation to update any forward-looking statements or information included in this press release.

NOTE: Spansion, the Spansion logo, MirrorBit, ORNAND and combinations thereof, are trademarks of Spansion LLC. Other names used are for informational purposes only and may be trademarks of their respective owners.

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