

Spansion Inc.  
Form 10-Q  
November 04, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 25, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from            to

Commission File Number 001-34747

**SPANSION INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-3898239**  
(I.R.S. Employer  
Identification No.)

**915 DeGuigne Drive**

**Sunnyvale, California**  
(Address of principal executive offices)

**94085**  
(Zip Code)

**(408) 962-2500**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and small reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the close of business on October 31, 2011:

Class	Number of Shares
Class A Common Stock, \$0.001 par value	59,568,889
Class B Common Stock, \$0.001 par value	1

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

**Spansion Inc.****Condensed Consolidated Statements of Operations**

(in thousands, except per share amounts)

(Unaudited)

	Successor		Successor		Nine Months Ended September 26, 2010	
	Three Months Ended September 25, 2011	Three Months Ended September 26, 2010	Nine Months Ended September 25, 2011	Period from May 11, 2010 to September 26, 2010	Predecessor Period from December 28, 2009 to May 10, 2010	
Net sales	\$ 258,163	\$ 307,594	\$ 849,868	\$ 432,163	\$ 324,914	
Net sales to related parties				4,801	78,705	
Total net sales	258,163	307,594	849,868	436,964	403,619	
Cost of sales	184,486	276,838	629,987	388,251	274,817	
Research and development	21,721	26,246	82,118	39,666	35,068	
Sales, general and administrative	28,728	59,948	79,188	78,207	68,105	
Restructuring credits					(2,772)	
Operating income (loss) before reorganization items	23,228	(55,438)	58,575	(69,160)	28,401	
Other income (expense):						
Interest and other income (expense), net	775	1,378	1,233	1,742	(2,904)	
Interest expense	(7,629)	(9,124)	(25,465)	(14,001)	(30,573)	
Income (loss) before reorganization items and income taxes	16,374	(63,184)	34,343	(81,419)	(5,076)	
Reorganization items					370,340	
Income (loss) before income taxes	16,374	(63,184)	34,343	(81,419)	365,264	
Provision for income taxes	8,560	1,670	15,388	1,649	1,640	
Net income (loss)	7,814	(64,854)	18,955	(83,068)	363,624	
Less: Net income attributable to the noncontrolling interest	472		472			
Net income (loss) attributable to Spansion Inc.	\$ 7,342	\$ (64,854)	\$ 18,483	\$ (83,068)	\$ 363,624	
Net income (loss) per share attributable to Spansion Inc. common stockholders						
Basic	\$ 0.12	\$ (1.09)	\$ 0.30	\$ (1.40)	\$ 2.24	

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Diluted	\$ 0.12	\$ (1.09)	\$ 0.29	\$ (1.40)	\$ 2.24
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Shares used in per share calculation

Basic	61,530	59,271	61,925	59,271	162,439
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Diluted	62,607	59,271	63,617	59,271	162,610
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**See accompanying notes**

**Table of Contents****Spansion Inc.****Condensed Consolidated Balance Sheets**

(in thousands, except per share and share amounts)

(Unaudited)

	Successor	
	September 25, 2011	December 26, 2010 <sup>(1)</sup>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 235,520	\$ 329,294
Short term investments	65,263	24,979
Accounts receivable, net	105,576	165,975
Inventories	210,722	168,937
Deferred income taxes	3,988	6,321
Prepaid expenses and other current assets	42,016	50,210
<b>Total current assets</b>	<b>663,085</b>	<b>745,716</b>
Property, plant and equipment, net	217,348	259,940
Intangible assets, net	184,370	197,733
Goodwill	167,280	153,338
Other assets	49,996	42,578
<b>Total assets</b>	<b>\$ 1,282,079</b>	<b>\$ 1,399,305</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	104,754	119,288
Accrued compensation and benefits	23,776	39,978
Other accrued liabilities	59,137	109,444
Deferred income	14,593	22,238
Current portion of long-term debt and obligations under capital leases	4,292	13,689
Income taxes payable	3,783	1,107
Deferred income taxes, short-term	4,407	
<b>Total current liabilities</b>	<b>214,742</b>	<b>305,744</b>
Deferred income taxes	1,320	3,877
Long-term debt, less current portion	445,667	441,220
Other long-term liabilities	28,385	24,179
<b>Total liabilities</b>	<b>690,114</b>	<b>775,020</b>
<b>Spansion Inc. stockholders equity</b>		
Common stock, Class A (\$0.001 per share, 150,000,000 shares authorized, 59,730,327 shares issued and outstanding)	60	62
Common stock, Class B (\$0.001 per share, 1 share authorized, 1 share issued and outstanding)		
Additional paid in capital	670,332	721,712
Retained deficit	(78,209)	(96,692)
Accumulated other comprehensive loss	(1,729)	(797)
<b>Total Spansion Inc. stockholders equity</b>	<b>590,454</b>	<b>624,285</b>

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Noncontrolling interest	1,511	
<b>Total Equity</b>	<b>591,965</b>	<b>624,285</b>
<b>Total liabilities and equity</b>	<b>\$ 1,282,079</b>	<b>\$ 1,399,305</b>

(1) Derived from audited financial statements at December 26, 2010.

**See accompanying notes**

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**Spansion Inc.**

**Condensed Consolidated Statements of Cash Flows**

**(in thousands)**

**(Unaudited)**

	<b>Successor</b>	<b>Successor</b>
	<b>Nine Months</b>	<b>Nine Months Ended</b>
	<b>Ended</b>	<b>September 26, 2011</b>
	<b>September 25, 2011</b>	<b>September 26, 2010</b>