SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.  20549

FORM 10-K

(Mark One)
[ X ] Annual report pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934 for the fiscal year ended March 29, 1997 or
[ ] Transition report pursuant to section 13 or 15(d) of the Securities
Exchange Act of 1934

COMMISSION FILE NUMBER   0-18548

XILINX, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

77-0188631
(I.R.S. Employer Identification No.)

2100 LOGIC DRIVE, SAN JOSE, CA       95124
(Address of principal executive offices)   (Zip Code)

(408) 559-7778
(Registrant's telephone number, including area code)

SEcurities registered pursuant to section 12(b) of the act:
None

SEcurities registered pursuant to section 12(g) of the act:
COMMON STOCK, $.01 PAR VALUE
(Title of Class)

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 requirements for the past 90 days.

YES [  X  ]         NO  [    ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to
this Form 10-K.   [ X ]

The aggregate market value of the voting stock held by non-affiliates of the
Registrant, based upon the closing sale price of the Common Stock on June 9,
1997 as reported on the NASDAQ National Market was approximately
$3,172,929,753. Shares of Common Stock held by each executive officer and
director and by each person who owns 5% or more of the outstanding Common
Stock have been excluded in that such persons may be deemed affiliates. This
determination of affiliate status is not necessarily a conclusive
determination for other purposes.

At June 9, 1997, registrant had 73,534,737 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the Proxy Statement for the Registrant's 1997 Annual Meeting of
Stockholders are incorporated by reference in this Form 10-K Report (Part
III).

PART I
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ITEM 1.          BUSINESS
Xilinx, Inc. (Xilinx or the Company) designs, develops and markets CMOS (complementary metal-oxide-silicon) programmable logic devices and related design software. The Company's programmable logic product lines include field programmable gate arrays (FPGAs) and complex programmable logic devices (CPLDs). These components are standard integrated circuits (ICs) programmed by Xilinx's customers to perform desired logic operations. Xilinx introduced the first FPGA device in 1985, holds patents on certain programmable logic devices (PLD), architecture and technology, and continues to be the leading supplier of programmable logic solutions. Xilinx also markets HardWire Arrays, which are mask-programmed ICs functionally equivalent to programmed FPGAs. The Company's products are designed to provide high integration and quick time-to-market for electronic equipment manufacturers in the computer, peripheral, telecommunications, networking, industrial control, instrumentation, high-reliability/military and consumer markets.

Competitive pressures require manufacturers of electronic systems to bring increasingly complex products to market rapidly. Customer requirements for improved functionality, performance, reliability and lower cost are often addressed through the use of components that integrate ever larger numbers of logic gates onto a single integrated circuit because such integration often results in faster speed, smaller size, lower power consumption and lower costs. However, while global competition is increasing the demand for more complex products, it is also shortening product life cycles and requiring more frequent product enhancements.

Xilinx provides programmable logic solutions, which combine the high logic density typically, associated with custom gate arrays with the time to market advantages of programmable logic and the availability of a standard product. The Company offers a broad product line of PLDs which serve a wide variety of applications requiring high levels of integration and for which time to market is critical, production volumes are unpredictable and/or frequent design modifications are necessary to adapt a product to new markets. Xilinx CPLDs complement the Company's FPGA products and contribute to the Company's efforts to offer comprehensive programmable logic solutions. With FPGAs, which have the advantages of higher density and lower power consumption, and CPLDs, which are typically faster and have lower densities, the Company's products enable electronic system manufacturers to rapidly bring complex products to market in volume. Xilinx's products have provided effective solutions to a wide range of customer logic requirements.

The Xilinx software strategy is to deliver an integrated design solution for a broad customer base ranging from customers who are not familiar with designing systems using PLDs to the most sophisticated customers accustomed to designing high density, mask-programmed gate arrays. The objective is to deliver strategic software advantages that combine ease of use with design flexibility, effective silicon utilization and competitive performance.

System designers use proprietary Xilinx design software together with industry standard electronic design automation (EDA) tools to design and develop Xilinx programmable logic applications. Designers define the logic functions of the circuit and revise such functions as necessary. Programmable logic can typically be designed and verified in a few days, as opposed to several weeks or months for gate arrays, which are customized devices that are defined during the manufacturing process. Moreover, programmable logic design changes can typically be implemented in as little as a few hours, as compared to several weeks for a custom gate array. In addition, significant savings result from the elimination of non-recurring engineering costs and the reduction of expenses associated with the redesign and testing of custom gate arrays. By reducing the cost and scheduling risks of design iterations, PLDs allow greater designer creativity, including the consideration of design alternatives that often lead to product improvements. Further, since PLDs are standard products and production quantities are more readily available, exposures to obsolete inventory can be significantly reduced.

Xilinx was organized in California in February 1984 and in November 1985 was reorganized to incorporate its research and development limited partnership. In April 1990, the Company reincorporated in Delaware. The Company's corporate facilities and executive offices are located at 2100 Logic Drive, San Jose, California 95124.
The timely introduction of new products which address customer requirements and compete effectively on the basis of price and performance is a significant factor in the future success of the Company's business. Delays in developing new products with anticipated technological advances or delays in commencing volume shipments of new products could have an adverse effect on the Company's financial condition and results of operations. In addition, there can be no assurance that such products, if introduced, will gain market acceptance or respond effectively to new technological changes or new product introductions by other companies.

Programmable Logic Devices

The Company's FPGA products include the XC2000, XC3000 and XC3100 families, which represent first generation products, as well as the XC4000, XC4000X and XC5000 families, which represent second generation products. The Company's CPLD products include the XC7000 and XC9000 families. The Company's XC4000 product family includes both the XC4000 and XC4000E. The XC4000E family increased performance over previous versions of the XC4000 family through utilization of a new design, a new process technology and new on-chip RAM features. The Company's XC4000X product family includes the XC4000EX, XC4000XL and XC4000XV. The XC4000EX family utilizes the benefits of the XC4000E architecture and provides additional routing resources that are expected to meet the design requirements for ICs with high gate densities. The XC4000XL family is expected to offer a powerful solution for the mask-programmed gate array replacement market. The XC4000XL family, which utilizes leading-edge 0.35 micron technology, is an extremely low power device at 3.3 volts due to Xilinx's segmented routing architecture. The Company began shipping XC4000XL samples in the fourth quarter of fiscal 1997. The XC4000XV, which is expected to utilize 0.25 micron technology requiring as little as 2.5 volts, is currently being developed, and the Company expects to begin shipping samples in fiscal 1998. The preceding sentence contains forward-looking statements which are subject to risks and uncertainties including those discussed in Item 7 in "Management's Discussion and Analysis of Financial Condition and Results of Operation - Factors Affecting Future Results." The XC5000 family represents the first FPGA specifically developed as a cost-effective, high volume production alternative to gate arrays. The XC9000 family utilizes Flash-based CPLD architecture and offers in-system programmability.

The XC6000 family is designed for reconfigurable processing using in-system programmable devices that can be defined and redefined in real time while the system is operating and are optimal for co-processing or embedded applications.

PLDs are available in a wide variety of plastic and ceramic package types, including pin-grid array, surface mount and quad flat pack configurations. These devices meet the industry standard operating temperature ranges of commercial, industrial and military users.

The Company's HardWire Arrays offer a low cost migration path for high volume applications. Once a programmable logic design is finalized, customers can take advantage of HardWire products, which are mask-programmed during the manufacturing process. The Company's HardWire Arrays offer a complete turn-key conversion solution, which eliminates the engineering and risk burden normally associated with conventional gate arrays. For every Xilinx FPGA family, there is a corresponding HardWire Array.

In order to minimize the printed circuit board area required for external storage of the FPGA configuration program, the Company provides a family of erasable programmable read-only memories (EPROMs). These devices are sold by the Company in conjunction with its FPGAs.

Design Software

The Company's XACTstep software combines powerful technology with a flexible, easy to use graphical interface to help achieve the best possible designs. XACTstep provides all of the implementation technology required to design with all Xilinx logic devices, including module generation, design optimization and mapping, placement and routing, timing analysis, and program file generation. The latest generation of XACTstep software, which incorporates software technology acquired from NeoCAD, Inc., became available in fiscal 1997 and is designed to satisfy the complete spectrum of FPGA and CPLD customer requirements.

The Company offers two complementary design software solutions. The
Foundation Series provides designers with a complete, ready-to-use solution that is easy to learn and use. For those customers that are new to designing with PLDs or want a low cost approach, the Company offers this fully integrated software solution. The Alliance Series is for designers who want maximum flexibility to integrate programmable logic design into their existing EDA environment and methodology. With interfaces to over 50 EDA vendors, this product allows users to select tools with which they are most familiar and therefore shorten their design cycle.

The Company also provides pre-implemented, fully-verified, drop-in LogiCORE modules for commonly used, complex functions such as digital signal processing. Using LogiCORE modules, customers can shorten development time, reduce design risk and obtain superior performance for their designs.

Xilinx's XACTstep design software operates on desktop computer platforms, including personal computers and workstations from IBM, IBM-compatible manufacturers, HP, DEC and Sun Microsystems. Through March 31, 1997, the Company had distributed over 35,500 design systems worldwide.

RESEARCH AND DEVELOPMENT

Xilinx's research and development activities are primarily directed towards the design of new integrated circuits, the development of advanced semiconductor manufacturing processes, the development of new design software and ongoing cost reductions and performance improvements in existing products. The Company's recent research and product development efforts have been directed principally towards its XC4000X, XC5000, and XC6000 families of FPGAs, CPLD products, design software and towards other proprietary new architectures and processes.

Xilinx believes that design software is an important factor in expanding the use of programmable logic devices. The Company's research and development challenge is to continue to develop new products that create solutions for customers. In fiscal 1997, 1996, and 1995, the Company's research and development expenses were $71.1 million, $64.6 million and $45.3 million, respectively. The Company expects that it will continue to spend substantial funds on research and development. The Company believes that technical leadership is essential to its future success and is committed to continuing a significant level of research and development effort.

MARKETING AND SALES

Xilinx sells its products through several channels of distribution: direct sales to manufacturers by independent sales representative firms, sales through domestic distributors, and sales through foreign distributors. Xilinx also utilizes a direct sales management organization, field applications engineers (FAEs) as well as manufacturer's representatives and distributors to reach a broad base of potential customers. The Company's independent representatives generally address larger OEM customers and act as a direct sales force, while distributors serve the balance of the Company's customer base. All channels are supported by the Company's sales and customer support personnel who consult with customers about their plans, ensuring that the right software and devices are selected at the beginning of a project.

In North America, Hamilton-Hallmark, Marshall Industries, and Insight Electronics, Inc. distribute the Company's products nationwide, and Nu Horizons Electronics provides additional regional sales coverage. The Company believes that distributors provide a cost effective means of reaching small and medium-sized customers. Since the Company's PLDs are standard products, they do not present many of the inventory risks to distributors of custom gate arrays, and they simplify the requirements for distributor technical support.

Because the distributors have certain rights of product return and price protection privileges, the Company defers recognition of revenues and related cost of revenues for products sold through domestic distributors until the distributors sell the product.

BACKLOG AND CUSTOMERS

As of March 29, 1997, the Company's backlog of purchase orders scheduled for delivery within the next three months was $84.4 million. Based on the Company's current inventory levels and wafer capacity availability, the Company's lead times have shortened. As a result, many of the Company's
customers are currently placing orders for near-term delivery and providing the Company relatively limited visibility to demand for products further out than three months. Backlog as of March 30, 1996 was $106.4. Orders constituting the Company's current backlog are subject to changes in delivery schedule or to cancellation at the option of the purchaser without significant penalty. Accordingly, although useful for scheduling production, backlog as of any particular date may not be a reliable measure of revenues for any future period.

No single end customer accounted for more than 5% of revenues in fiscal 1997, or 6% in 1996 and 1995. See Note 9 of Notes to Consolidated Financial Statements in Item 8 for Industry and Geographic Information.

WAFER FABRICATION

In 1997, the majority of wafers for PLDs shipped by the Company were manufactured by Seiko Epson Corporation (Seiko Epson) and United Microelectronics Corporation, (UMC). Precise terms with respect to the volume and timing of wafer production and the pricing of wafers produced by Seiko Epson and UMC are determined by periodic negotiations between the Company and these foundry partners. From time to time, Xilinx may contract with other suppliers to provide leading-edge process technology wafers for the Company's products.

Xilinx's strategy is to focus its resources on creating new integrated circuits and design software and on market development rather than on wafer fabrication. The Company continuously evaluates opportunities to enhance foundry relationships and/or obtain additional capacity. As a result, the Company has entered into recent agreements with UMC and Seiko Epson as discussed below.

The Company, UMC and other parties have entered into a joint venture to construct a wafer fabrication facility in Taiwan, known as United Silicon Inc. (USI). See Notes 4 and 6 of Notes to Consolidated Financial Statements in Item 8. Under the terms of the agreement, the Company invested approximately $34 million in fiscal 1996 and expects to invest additional amounts totaling approximately $102 million, for a 25% equity interest in the venture. As a result of its equity ownership, the Company has rights to purchase a percentage of the facility's wafer production at competitive market prices. During fiscal 1997, the Board of Directors of USI voted to delay the wafer fabrication facility construction schedule. As a result, the additional payments were also delayed and are now expected to be made in fiscal 1998. The revised schedule for construction of the facility and the related payments are subject to further change based on overall semiconductor industry conditions and other factors. UMC has committed to and is supplying the Company with wafers manufactured in an existing facility until capacity is available in the new facility.

In fiscal 1997, the Company signed an agreement with Seiko Epson, a primary wafer supplier. See Note 6 of Notes to Consolidated Financial Statements in Item 8. The agreement provides for an advance to Seiko Epson of up to $200 million to be used in the construction in Japan of a wafer fabrication facility, which will provide access to eight-inch, sub-micron wafers. In conjunction with the agreement, $30 million installments were paid in May 1996, November 1996 and May 1997 (subsequent to fiscal 1997), and further $30 million installments are scheduled for November 1, 1997 and February 1, 1998 or upon the start of mass production, whichever is later. The final installment for the advance payment of $50 million is due on or after the later of April 1, 1998 or the date the outstanding balance of the advance payment is less than $125 million. As a result, the maximum outstanding amount of the advance payment at any time is $175 million. Repayment of this advance will be in the form of wafer deliveries expected to begin in the first half of calendar 1998. Specific wafer pricing will be based upon the prices of similar wafers manufactured by other, specifically identified, leading-edge foundry suppliers. The advance payment provision also provides for interest to be paid to the Company in the form of free wafers. The Company may also provide further funding to Seiko Epson in the amount of $100 million, which, if provided, will be paid after the final installment of the advance, and its terms and conditions will be negotiated at that time.

SORT, ASSEMBLY AND TEST

Wafers purchased by the Company are sorted by the foundry, independent sort
subcontractors or by the Company. Sorted wafers are assembled by a subcontractor in facilities in Pacific Rim countries. During the assembly process, the wafers are separated into individual integrated circuits which are then assembled into various package types. Following assembly, the packaged units are tested by independent test subcontractors or by Xilinx personnel at the Company's San Jose or Ireland facilities.

PATENTS AND LICENSES

Through March 29, 1997, the Company held 143 United States patents and maintains an active program of filing for additional patents in the areas of software, IC architecture and design. The Company intends to vigorously protect its intellectual property. The Company believes that failure to enforce its patents or to effectively protect its trade secrets could have an adverse effect on the Company's financial condition and results of operations. See Legal Proceedings in Item 3 and Note 10 of Notes to Consolidated Financial Statements in Item 8.

Xilinx has acquired various software licenses that permit the Company to grant object code sublicenses to its customers for certain third party software programs licensed with the Company's design software. In addition, the Company has licensed certain software for internal use in product design.

EMPLOYEES

Xilinx's employee population has grown by 6% during the past year. As of March 29, 1997, Xilinx had 1,277 employees compared to 1,201 at the end of the prior year. None of the Company's employees are represented by a labor union. The Company has not experienced any work stoppages and considers its relations with its employees to be good.

COMPETITION

The Company's FPGA and CPLD products compete in the programmable logic marketplace, with a substantial majority of the Company's revenues derived from its FPGA product families. The industries in which the Company competes are intensely competitive and are characterized by rapid technological change, rapid product obsolescence and continuous price erosion. The Company expects significant competition both from existing competitors and from a number of companies that may enter its market.

Xilinx believes that important competitive factors in the programmable logic market include price, product performance and reliability, adaptability of products to specific applications, ease of use and functionality of design software, and the provision of timely customer service and support. The Company's strategy for expansion in the programmable logic market includes continued price reductions commensurate with the ability to lower the cost of manufacture for established products and continued introduction of new product architectures which address high volume, low cost applications as well as high performance, leading-edge density applications. However, there can be no assurance that the Company will be successful in achieving these strategies.

The Company's major sources of competition are comprised of three elements: the manufacturers of custom CMOS gate arrays, providers of high density programmable logic products characterized by FPGA-type architectures, and other providers of programmable logic products. The Company competes with custom gate array manufacturers on the basis of lower design costs, shorter development schedules and reduced inventory risks. The primary attributes of custom gate arrays are high density, high speed and low production costs in high volumes. The Company continues to develop lower cost architectures intended to narrow the gap between current custom gate array production costs (in high volumes) and FPGA production costs.

The Company competes with high density programmable logic suppliers on the basis of performance, the ability to deliver complete solutions to customers and customer support, taking advantage of the primary characteristics of flexible, high speed implementation and quick time-to-market capabilities of the Company's PLD product offerings. In addition, the Company competes with manufacturers of other programmable logic products on the basis of price, power, performance, design and software utility. To the extent that such efforts to compete are not successful, the Company's financial condition and results of operations could be materially adversely affected. The Company believes that certain of its patents have been infringed by a competitor and has initiated legal action to protect its intellectual property. See Legal
The benefits of programmable logic have attracted a number of companies to this market, competing primarily on the basis of speed, density or cost. Xilinx recognizes that different applications require different programmable technologies, and the Company is developing multiple architectures, processes and products to meet these varying customer needs. Recognizing the increasing importance of standard software solutions, Xilinx has developed common design software that supports the full range of integrated circuit products. Xilinx believes that automation and ease of design will be significant competitive factors in the programmable logic market.

Several companies, both large and small, have introduced products competitive with those of the Company or have announced their intention to enter this market. Some of the Company's competitors may possess innovative technology, which could prove superior to Xilinx's technology in some applications. In addition, the Company anticipates potential competition from suppliers of logic products based on new technologies. Some of the Company's current or potential competitors have substantially greater financial, manufacturing, marketing and technical resources than Xilinx. This additional competition could adversely affect the Company's financial condition and results of operations.

Xilinx also faces competition from its licensees. Under a license from the Company, Lucent Technologies is manufacturing and marketing the Company's non-proprietary XC3000 FPGA products and is employing that technology to provide additional FPGA products offering higher density. Seiko Epson has rights to manufacture the Company's products and market them in Japan and Europe but is not currently doing so. Advanced Micro Devices is licensed to use certain of the Company's patents to manufacture and market products other than SRAM-based FPGAs and, as of March 1997, can also compete directly in this market.

EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information regarding each of Xilinx's executive officers is set forth below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position</th>
<th>Officer Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willem P. Roelandts</td>
<td>52</td>
<td>Chief Executive Officer and President</td>
<td>1996</td>
</tr>
<tr>
<td>R. Scott Brown</td>
<td>56</td>
<td>Senior Vice President, Worldwide Sales</td>
<td>1985</td>
</tr>
<tr>
<td>Richard W. Sevcik</td>
<td>49</td>
<td>Senior Vice President, Software</td>
<td>1997</td>
</tr>
<tr>
<td>Gordon M. Steel</td>
<td>52</td>
<td>Senior Vice President, Finance and Chief Financial Officer</td>
<td>1987</td>
</tr>
<tr>
<td>Robert C. Hinckley</td>
<td>49</td>
<td>Vice President, Strategic Plans and Programs, General Counsel, and Secretary</td>
<td>1991</td>
</tr>
<tr>
<td>C. Frank Myers</td>
<td>63</td>
<td>Vice President, Operations</td>
<td>1985</td>
</tr>
</tbody>
</table>

There is no family relationship between any director or executive officer of the Company.

Willem P. "Wim" Roelandts joined the Company in January 1996 as Chief Executive Officer and a member of the Company's Board of Directors. In April 1996 he was appointed as Xilinx's President. Previously, he was a 28-year veteran of Hewlett-Packard Company, where he served as a senior vice president and managed the company's Computer Systems Organization from November 1992 through January 1996. In this capacity, he was responsible for all aspects of the computer systems business worldwide, including research and development, manufacturing, marketing, professional services and sales. He also served as vice president and general manager of the Network Systems Group from December 1990 to November 1992.
R. Scott Brown joined the Company in 1985 as Vice President of Sales and was promoted to Senior Vice President, Worldwide Sales in 1995.

Richard W. Sevcik joined the Company in April 1997 as Senior Vice President of Software. He was at Hewlett-Packard Company for 10 years where, since 1994, he served as group general manager of the company's Systems Technology Group and oversaw five divisions involved with product development for the Company's servers, workstations, operating systems, microprocessors, networking and security. In 1995 he was named vice president. From 1992 to 1994, he served as group general manager of Computer Systems and Servers and was responsible for four divisions. Prior to that, he was general manager of the Commercial Systems Division, a division that develops, manufactures and markets the company's business computers.

Gordon M. Steel joined the Company in 1987 as Vice President, Finance and Chief Financial Officer and was promoted to Senior Vice President, Finance and Chief Financial Officer in 1995.

Robert C. Hinckley joined the Company in 1991 as Vice President, Strategic Plans and Programs and as the Company's General Counsel. He was appointed Secretary in 1993. He acted as interim Chief Operating Officer from March through August 1994.

C. Frank Myers has been Vice President, Operations since 1988. He joined the Company in 1985 as Vice President of Manufacturing.

ITEM 2. PROPERTIES

Xilinx's corporate offices, which include the administrative, sales, customer support, marketing, research and development and final testing groups are located in San Jose, California. The site includes adjacent buildings providing 335,000 square feet of available space which are leased through 1999. The Company has entered into lease agreements relating to these facilities which would allow the Company to purchase these facilities on or before the lease expiration dates in December 1999. In addition, the Company has a 100,000 square foot administrative, research and development and final testing facility in the metropolitan area of Dublin, Ireland and a 60,000 square foot facility in Boulder, Colorado. The Irish facility is being used to service the Company's customer base outside of North America, while the Boulder facility is the primary location for the Company's software efforts in the areas of research and development, manufacturing and quality control. The Company also maintains domestic sales offices in twenty-two locations which include the metropolitan areas of Atlanta, Boston, Chicago, Denver, Dallas, Los Angeles, Minneapolis, Philadelphia, Raleigh and San Jose as well as eight international sales offices located in the metropolitan areas of London, Munich, Paris, Stockholm, Tokyo, Taipei, Seoul and Hong Kong.

ITEM 3. LEGAL PROCEEDINGS

On June 7, 1993, the Company filed suit against Altera Corporation (Altera) in the United States District Court for the Northern District of California for infringement of certain of the Company's patents. Subsequently, Altera filed suit against the Company, alleging that certain of the Company's products infringe certain Altera patents. Fact and expert discovery has been completed in both cases, which have been consolidated. On April 20, 1995, Altera filed an additional suit against the Company in the Federal District Court in Delaware, alleging that the Company's XC5000 family infringes an Altera patent. The Company answered the Delaware suit denying that the XC5000 family infringes the patent in suit, asserting certain affirmative defenses and counterclaiming that the Altera Max 9000 family infringes certain of the Company's patents. The Delaware suit was transferred to the United States District Court for the Northern District of California and is also before the same judge. The ultimate outcome of these matters cannot be determined at this time. Management believes that it has meritorious defenses to such claims and is defending them vigorously. The foregoing is a forward-looking statement subject to risks and uncertainties, and the future outcome could differ materially due to the uncertain nature of the litigation with Altera and because the lawsuits are still in the pre-trial stage.

There are no other pending legal proceedings of a material nature to which the Company is a party or of which any of its property is the subject. The
Company knows of no legal proceedings contemplated by any governmental authority or agency.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Xilinx's Common Stock is listed on the Nasdaq National Market under the symbol XLNX. The table below reflects for the periods indicated the high and low closing sales prices per share of the Common Stock, as reported on the Nasdaq National Market. Xilinx has never paid a cash dividend on its Common Stock and intends to continue this policy for the foreseeable future. As of March 29, 1997, there were approximately 650 stockholders of record. Since many holders' shares are listed under their brokerage firms' names, the actual number of stockholders is estimated by the Company to be over 21,000.

<table>
<thead>
<tr>
<th>Fiscal Year 1997</th>
<th>Fiscal Year 1996</th>
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<tbody>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>$37.88</td>
<td>$29.88</td>
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<tr>
<td>39.75</td>
<td>26.63</td>
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<td>50.88</td>
<td>36.00</td>
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ITEM 6. SELECTED FINANCIAL DATA – (in thousands, except per share data)

CONSOLIDATED STATEMENT OF INCOME DATA:

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</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>$568,143</td>
<td>$560,802</td>
<td>$355,130</td>
<td>$256,448</td>
<td>$177,998</td>
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<tr>
<td>Operating income</td>
<td>159,061*</td>
<td>165,756#</td>
<td>92,048&amp;</td>
<td>65,168</td>
<td>41,586</td>
</tr>
<tr>
<td>Income before taxes</td>
<td>165,758*</td>
<td>170,902#</td>
<td>94,845&amp;</td>
<td>67,436</td>
<td>43,610</td>
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<tr>
<td>Provision for income taxes</td>
<td>55,382</td>
<td>69,448</td>
<td>35,567</td>
<td>26,157</td>
<td>16,379</td>
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<tr>
<td>Net income</td>
<td>110,376*</td>
<td>101,454#</td>
<td>59,278&amp;</td>
<td>41,279</td>
<td>27,231</td>
</tr>
<tr>
<td>Net income per share</td>
<td>$1.39*</td>
<td>$1.28#</td>
<td>$0.80&amp;</td>
<td>$0.57</td>
<td>$0.38</td>
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<tr>
<td>Shares used in per share calculations</td>
<td>79,675</td>
<td>78,955</td>
<td>74,109</td>
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<td>70,848</td>
</tr>
</tbody>
</table>

*After write-off of discontinued product family of $5 million and $0.04 per share net of tax.
#After non-recurring charge for in-process technology related to the acquisition of NeoCAD of $19,366 and $0.25 per share.
&After non-recurring charge for the write-off of a minority investment of $2,500 and $0.02 per share net of tax.

~ The Company's fiscal year ends on the Saturday nearest March 31. For ease of presentation, March 31 has been utilized as the fiscal year-end for all financial statement captions.
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement

The statements in this Management's Discussion and Analysis that are forward looking involve numerous risks and uncertainties and are based on current expectations. Actual results may differ materially. Such risks and uncertainties are discussed under "Factors Affecting Future Results". Forward looking statements can often be identified by the use of forward looking words, such as "may," "will," "could," "should," "expect," "believe," "anticipate," "estimate," "continue," "plan," "intend," "project," or other similar words.

Nature of Operations

Xilinx, Inc. (Xilinx or the Company) designs, develops and markets CMOS (complementary metal-oxide-silicon) programmable logic devices and related design software. The Company's programmable logic product lines include field programmable gate arrays (FPGAs) and complex programmable logic devices (CPLDs). These components are standard integrated circuits (ICS) programmed by Xilinx's customers to perform desired logic operations. Xilinx introduced the first FPGA device in 1985, holds patents on certain programmable logic device (PLD) architecture and technology, and continues to be the leading supplier of programmable logic solutions. Xilinx also markets HardWire devices, which are mask-programmed ICs functionally equivalent to programmed FPGAs. The Company's products are designed to provide high integration and quick time-to-market for electronic equipment manufacturers in the computer, peripheral, telecommunications, networking, industrial control, instrumentation, high-reliability/military and consumer markets. The Company markets its products throughout the world through a direct sales organization, direct sales to manufacturers by independent sales representative firms, sales through licensed domestic distributors and sales through foreign distributors. Xilinx's products have provided effective solutions to a wide range of customer logic requirements.

Results of Operations

The following table sets forth certain operational data both as percentages of annual revenues and as percentage changes from the prior year's results.
Gross margin                              61.4%*  63.8%  61.0%    (2.4%) 65.1%
Research and development                 12.5%   11.5%  12.8%   10.0% 42.5%
Marketing, general and administrative    20.9%   19.2%  21.6%   10.0% 40.5%
Operating income before                  28.0%   33.1%  26.6%  (14.1%) 95.8%
non-recurring charges                    - 3.5%  0.7%     NM    NM
Non-recurring charges                     -
Operating income                          28.0%   29.6%  25.9%  (4.0%) 80.1%
Interest income and other (net)           1.2%    0.9%  0.8%  30.1% 84.0%
Income before taxes                       29.2%   30.5%  26.7%  (3.0%) 80.2%
Provision for income taxes                9.8%   12.4%  10.0% (20.3%) 95.3%
Net income                                19.4%   18.1%  16.7%   8.8% 71.1%
- --------------------------------------  -------  ------  ------  -------  ----- <FN>
* Includes write-off of discontinued product family of $5 million.

Revenue

Revenues for fiscal 1997 increased to $568.1 million, representing an increase of 1.3% from $560.8 million for 1996 and 60% from the $355.1 million reported for 1995. The level of revenues in fiscal 1997 was significantly impacted by a semiconductor industry inventory correction which reduced customer demand. The Company's revenue increase in 1997 was primarily attributable to the revenue growth of the XC5200 product family, introduced in fiscal 1996, as well as the growth of the Company's XC4000 product family, offset by decreased revenues derived from the Company's first generation products including the XC2000 family and non-proprietary products in the Company's XC3000 product family, where there is a second source competitor. Revenues from the XC4000 and XC4000X family increased 5.9% between 1996 and 1997 to $264.5 million, and revenues for the XC5200 family increased from $9.1 million in 1996 to $37.5 million in 1997.

Revenue contribution by programmable logic product line reflected a mix between increased customer demand for low cost, medium range density programmable logic devices and the functionality and performance provided by the Company's higher density and higher speed programmable logic devices. Revenues from proprietary products, for which there is no second source competitor, increased from 84.9% of aggregate revenues in 1996 to 91% in 1997. In the fourth quarter of 1997, proprietary products accounted for 93.3% of total revenues as compared to 88.1% for the comparable 1996 quarter. Deriving revenues from proprietary products has been emphasized by the Company as an effective corporate pricing strategy that has as its aim to expand the market for its products by reducing sales prices coincident with and commensurate with reductions in the cost of manufacturing these products. The Company currently intends to continue actively pursuing a strategy of broadening the markets it serves through the enhancement of software design tools, the introduction of architectures offering new functionality, and the reduction of IC prices through continuous advancements in the silicon manufacturing process.

Revenues for the Company's first generation products, which include the XC2000, XC3000 and XC3100 families, represented 33.2% of aggregate component revenues in fiscal 1997, as compared to 40.3% in fiscal 1996. The Company's second generation products, including the XC4000, XC4000X and XC5200 families, represented 54.8% of aggregate component revenues in fiscal 1997, as compared to 47.8% in fiscal 1996. Revenues from other products, which include the CPLD families, HardWire and serial proms, were relatively comparable between 1997 and 1996. During 1997, all second generation product families experienced increases in unit volume. The average selling price for PLDs decreased approximately 6% in 1997 relative to the previous year, although the average selling price of a PLD product family decreased by up to 33% during the year. Individual products within certain families decreased in price as much as 40% during the past year, as prices were reduced in order to expand market share while realizing acceptable returns. Price erosion of this magnitude has been common in the semiconductor industry, as advances in both architecture and
manufacturing process technology have permitted continual reductions in cost. The Company relies upon introducing new products which incorporate advanced features and other price/performance factors such that higher average selling prices and higher margins are achievable despite the price erosion on mature product lines.

Xilinx's design software is used by the Company's customers to implement designs in the Company's programmable logic devices. Software revenues remained consistent on a percentage basis from 1996 to 1997 at $17.1 million as compared to $12.6 million in 1995. Cumulative licenses for proprietary design software distributed to customers through the end of 1997 totaled approximately 35,500 units, as compared to 26,700 and 21,000 units at the end of 1996 and 1995, respectively. Software sales as a percentage of total revenues represented 3% of revenues in 1997 and 1996 and 4% in 1995.

No single end customer accounted for more than 5% of revenues in 1997 or 6% of revenues in 1996 or 1995.

International revenues constituted approximately 36%, 35% and 31% of total revenues for 1997, 1996 and 1995, respectively. International revenues continue to be primarily to customers in Europe and Japan. Revenue growth in these international markets over the past year was 3.3% and 2.7%, respectively. The Company's manufacturing facility in Dublin, Ireland, continues to increase production levels and has enhanced the Company's ability to meet the needs of its international customers. The Company believes that international revenues will continue to grow at a faster rate in the future than domestic sales, and projects that such revenues will eventually comprise 50% of the worldwide total. However, there can be no assurances that international revenues will reach this level in the future. Sales to Pacific Rim, Middle East and other regions outside North America, Europe and Japan represented approximately 4% of revenues in 1997, 1996 and 1995.

The Company believes that the semiconductor industry inventory correction has ended, as the Company experienced sequential quarterly increases in orders and revenues during the last two quarters of fiscal 1997.

Gross Margin

Gross margin as a percentage of revenues was 62.3% for 1997, excluding the impact of a $5 million write-off of the XC8100 product family of one-time programmable antifuse devices (see below). Gross margins in 1996 and 1995 were 63.8% and 61%, respectively. The increase in the cost of revenues as a percentage of revenues in 1997 was primarily attributable to selling price reductions and increased inventory reserves relating to an expanded level of inventory, partially offset by the favorable impact of lower wafer costs, reflecting reduced prices from wafer suppliers and the impact of the strengthened U.S. dollar exchange rate against the yen, and improved yields. Over the past three years, Xilinx has also been able to offset much of the erosion in gross margin percentages on more mature integrated circuits with increased volumes of newer, proprietary, higher margin products, although no assurance can be given that the Company will do so in the future. The Company recognizes that ongoing price reductions for its integrated circuits are a significant element in expanding the market for its products. Company management believes that future gross margin objectives in the range of 60% to 62% of revenues are more consistent with expanding market share while realizing acceptable returns, although there can be no assurance that future gross margins will be in this range.

During fiscal 1997, the Company discontinued the XC8100 family of one-time programmable antifuse devices. As a result, the Company recorded a pretax charge against earnings of $5 million. This charge primarily related to the write-off of inventory and for termination charges related to purchase commitments to foundry partners for work-in-process wafers which had not completed the manufacturing process.

Research and Development

The Company has increased the amount spent on research and development each year in its thirteen year history. Research and development expenses in 1997 exceeded those of the prior year by 10% and those of 1995 by 56.8%. Research and development expenses as a percentage of revenue increased from 11.5% in 1996 to 12.5% in 1997, and was impacted by the level of revenues experienced in 1997. The increase in research and development expenses is primarily attributable to increased headcount and labor expenses, increased purchases of engineering wafers and increased facility and support costs associated with an
expanded scope of operations. The Company remains committed to a significant level of research and development effort in order to continue to compete aggressively in the programmable logic marketplace. Through March 31, 1997, the Company has received 143 U.S. patents and maintains an active program of filing for additional patents in the areas of software, IC architecture and design. As of March 31, 1997, research and development personnel were split approximately 40% for software development and 60% for IC design and process development. Xilinx has not capitalized any of the costs associated with its software development.

Marketing, General and Administrative Costs
Marketing, general and administrative costs represented 20.9%, 19.2% and 21.6% of revenues in 1997, 1996, and 1995, respectively. The increase in costs as a percentage of revenue in 1997 over 1996 is a reflection of the level of revenues experienced in 1997. Sales and support expenses have increased each year due to increased personnel and labor costs and increased commissions due to changes in the revenue channel mix. The Company has twenty-two sales offices located throughout the United States and Canada, including the metropolitan areas of San Jose, Los Angeles, Denver, Dallas, Chicago, Minneapolis, Atlanta, Raleigh, Philadelphia and Boston as well as eight international sales offices located in the metropolitan areas of London, Munich, Paris, Stockholm, Tokyo, Taipei, Seoul and Hong Kong. There was a 10% increase in marketing, general and administrative expenses during 1997, as compared to 1996. This was primarily attributable to increases in headcount and employee expenses, partially offset by reduced discretionary spending. The Company remains committed to controlling administrative expenses. However, the timing and extent of future legal costs associated with the ongoing enforcement of the Company's intellectual property rights are not readily predictable and may significantly increase the level of general and administrative expenses in the future.

Non-recurring Charges
During fiscal 1996, the Company incurred a $19.4 million non-recurring write-off of in-process technology relating to the acquisition of NeoCAD, Inc. See Note 3 of Notes to Consolidated Financial Statements. During 1995, the Company incurred a $2.5 million write-off of a minority investment in Star Semiconductor Corporation.

Operating Income
Operating income of $159.1 million decreased from the prior year's $165.8 million but increased from 1995's $92 million. Operating income in 1997 was $164.1 million before consideration of the write-off of the XC8100 product family. Operating income as a percentage of revenues was 28%, 29.6% and 25.9% in 1997, 1996 and 1995, respectively. Before consideration of non-recurring charges and write-offs, operating income as a percentage of revenues was 28.9%, 33.1% and 26.6% in 1997, 1996 and 1995, respectively. The decreases in 1997 from 1996 is primarily a result of the 1.3% revenue growth in 1997 in comparison to 10% increases year to year in research and development spending and marketing, general and administrative spending. Operating income as a percentage of revenues could be adversely impacted in future years by the factors noted herein.

Interest, Net
The Company incurs interest expense on the $250 million of 5 1/4% convertible subordinated notes issued in November 1995. The Company earns interest income on its cash, cash equivalents, short-term investments and restricted investments. The amount of interest earned is a function of the balance of cash invested as well as prevailing interest rates. The Company also records 25% of the net income of United Silicon Inc. (USI), a wafer fabrication joint venture in which the Company participates, as joint venture equity income. To date, USI's net income has resulted primarily from interest earned on its investment portfolio. Net interest and other income for 1997 increased by $1.6 million over 1996. In 1997, the increased interest and other income is primarily attributable to higher investment portfolio balances and joint venture equity income. The Company expects that the USI joint venture will begin to ramp up operations over the next year, and that the Company may incur joint venture equity losses during the start-up phase. The Company's investment portfolio contains tax-advantaged municipal securities which have pretax yields which are less than the interest rate on the convertible
subordinated notes. For financial reporting purposes, the Company effectively records the difference between the pretax and tax-equivalent yields as a reduction in provision for taxes on income. As a result of the difference in yields, future uses of the investment portfolio and operating results for USI, levels of net interest and other income could decrease in the future.

Provision for Income Taxes

Xilinx's effective tax rate was 33.4% for 1997 as compared to 40.6% and 37.5% for 1996 and 1995, respectively. The tax rate for fiscal 1997 was favorably impacted by legislation reinstating the R&D Tax Credit as well as increased profits in foreign operations where the tax rate is lower than the U.S. rate. Excluding the write-off of in-process technology, in fiscal 1996 the Company's effective tax rate was 36.5%.

Inflation

To date, the effects of inflation upon the Company's financial results have not been significant.

FACTORS AFFECTING FUTURE RESULTS

Dependence Upon Independent Manufacturers and Subcontractors

The Company does not manufacture the wafers used for its products. In 1997, most of the Company's wafers were manufactured by Seiko Epson Corporation (Seiko Epson) and United Microelectronics Corporation (UMC). The Company has depended upon these suppliers and others to produce wafers with competitive performance and cost attributes, including transitioning to advanced process technologies, producing wafers at acceptable yields, and delivering them to the Company in a timely manner. While the timeliness, yield and quality of wafer deliveries have met the Company's requirements to date, there can be no assurance that the Company's wafer suppliers will not experience future manufacturing problems, including delays in the realization of advanced process technologies. The Company is also dependent on subcontractors to provide semiconductor assembly services. Any prolonged inability to obtain wafers or assembly services with competitive performance and cost attributes, adequate yields or timely deliveries from these manufacturers/subcontractors, or any other circumstance that would require the Company to seek alternative sources of supply, could delay shipments, and have an adverse effect on the Company's financial condition and results of operations.

The Company's long-term growth will depend in large part on the Company's ability to obtain increased wafer fabrication capacity from suppliers. A significant increase in general industry demand or any interruption of supply could reduce the Company's supply of wafers or increase the Company's cost of such wafers, thereby materially adversely affecting the Company's financial condition and results of operations.

In order to secure additional wafer capacity, the Company from time to time considers alternatives, including, without limitation, equity investments in, or loans, deposits, or other financial commitments to, independent wafer manufacturers to secure production capacity, or the use of contracts which commit the Company to purchase specified quantities of wafers over extended periods. Although the Company is currently able to obtain wafers from existing suppliers in a timely manner, the Company has at times been unable, and may in the future be unable, to fully satisfy customer demand because of production constraints, including the ability of suppliers and subcontractors to provide materials and services in satisfaction of customer delivery dates, as well as the ability of the Company to process products for shipment. The Company's future growth will depend in part on its ability to locate and qualify additional suppliers and subcontractors and to increase its own capacity to ship products, and there can be no assurance that the Company will be able to do so. Any increase in these constraints on the Company's production could result in a material adverse impact on the Company's financial condition and results of operations. In this regard, the Company has entered into the USI joint venture with UMC and other parties to obtain wafer capacity from a new wafer fabrication facility. See Notes 4 and 6 of Notes to Consolidated Financial Statements and the 'Commitments' discussion within "Financial Condition, Liquidity and Capital Resources." However, there are many risks associated with the construction of a new facility, and there can be no assurance that such facility will become operational and/or cost effective in a timely manner. In addition, the Company has entered into an agreement with Seiko Epson to obtain additional capacity from a facility currently under construction and expected to provide wafers in calendar 1998.
See Note 6 of Notes to Consolidated Financial Statements in Item 8 and the 'Commitments' discussion within "Financial Condition, Liquidity and Capital Resources," in Item 7. If the Company requires additional capacity and such capacity is unavailable, or unavailable on reasonable terms, the Company's financial condition and results of operations could be materially adversely affected.

Impact of Currency

The Company's purchases of the processed silicon wafers used in its integrated circuits from Japanese foundries have been denominated in yen. To reduce the Company's exposure for yen denominated liabilities, the Company's sales into Japan are denominated in yen. In the past, the Company has periodically limited its net exposure to fluctuations in the yen-to-US dollar exchange rates through the use of forward exchange or option contracts. Based on existing agreements with wafer suppliers, which should result in decreased yen denominated wafer receipts in the future, the Company believes that its net exposure relating to fluctuations in the yen-to-US dollar exchange rate could decline, although there can be no assurance that this will be the case. As a result, the Company may need to adjust its future hedging strategy. In addition, the Company has entered into foreign exchange forward contracts to minimize the impact of future exchange fluctuations relating to the New Taiwan dollar USI joint venture investment.

Litigation

The Company is currently involved in patent litigation with Altera Corporation (see Note 10 of Notes to Consolidated Financial Statements and Item 3, Legal Proceedings). The ultimate outcome of these matters cannot be determined at this time. Management believes that it has meritorious defenses to the claims asserted against it and is defending them vigorously. The foregoing is a forward looking statement subject to risks and uncertainties, and the future outcome could differ materially due to the uncertain nature of the litigation with Altera and because the lawsuits are still in the pre-trial stage.

Other Factors Affecting Operating Results

The semiconductor industry is characterized by rapid technological change, intense competitive pressure and cyclical market patterns. The Company's results of operations are affected by a wide variety of factors, including general economic conditions, conditions relating to technology companies, conditions specific to the semiconductor industry, decreases in average selling prices over the life of any particular product, the timing of new product introductions (by the Company, its competitors and others), the ability to manufacture in a timely manner sufficient quantities of a given product, the timely implementation of new manufacturing technologies, the ability to safeguard patents and intellectual property from competitors, and the impact of new technologies resulting in rapid escalation of demand for some products in the face of equally steep decline in demand for others. Market demand for the Company's products, particularly for those most recently introduced, can be difficult to predict, especially in light of customers' demands to shorten product lead times and minimize inventory levels. Unpredictable market demand could lead to revenue volatility if the Company were unable to provide sufficient quantities of specified products in a given quarter. In addition, any difficulty in achieving targeted wafer production yields could adversely impact the Company's financial condition and results of operations. The Company attempts to identify changes in market conditions as soon as possible; however, the dynamics of the market make prediction of and timely reaction to such events difficult. Due to the foregoing and other factors, past results, including those described in this report, are a much less reliable predictor of the future than is the case in many older, more stable and less dynamic industries. Based on the factors noted herein, the Company may experience substantial period-to-period fluctuations in future operating results.

The Company's future success depends in large part on its ability to develop and introduce on a timely basis new products which address customer requirements and compete effectively on the basis of price and performance. The success of new product introductions is dependent upon several factors, including timely completion of new product designs, the ability to utilize advanced process technologies, achievement of acceptable yields, availability of supporting design software and market acceptance. No assurance can be given that the Company's product development efforts will be successful or
that its new products will achieve market acceptance. Revenues relating to the Company's first generation FPGA products are expected to continue to decline in the future as a percentage of aggregate component revenues, and the Company will be increasingly dependent on revenues derived from second generation FPGAs and future generation products. In addition, the average selling price for any particular product tends to decrease rapidly over the product's life. To offset such decreases, the Company relies primarily on obtaining yield improvements and corresponding cost reductions in the manufacture of existing products and on introducing new products which incorporate advanced features and other price/performance factors such that higher average selling prices and higher margins are achievable relative to mature product lines. To the extent that such cost reductions and new product introductions do not occur in a timely manner, or the Company's products do not achieve market acceptance at prices with higher margins, the Company's financial condition and results of operations could be adversely affected.

The Company's FPGA and CPLD products compete in the programmable logic marketplace, with a substantial majority of the Company's revenues derived from its FPGA product families. The industries in which the Company competes are intensely competitive and are characterized by rapid technological change, rapid product obsolescence and continuous price erosion. The Company expects significantly increased competition both from existing competitors and from a number of companies that may enter its market.

Xilinx believes that important competitive factors in the programmable logic market include price, product performance and reliability, adaptability of products to specific applications, ease of use and functionality of design software, and the ability to provide timely customer service and support. The Company's strategy for expansion in the programmable logic market includes continued price reductions commensurate with the ability to lower the cost of manufacture for established products and continued introduction of new product architectures which address high volume, low cost applications as well as high performance, leading edge density applications. However, there can be no assurance that the Company will be successful in achieving these strategies.

The Company's major sources of competition are comprised of three elements: the manufacturers of custom CMOS gate arrays, providers of high density programmable logic products characterized by FPGA-type architectures and other providers of programmable logic products. The Company competes with custom gate array manufacturers on the basis of lower design costs, shorter development schedules and reduced inventory risks. The primary attributes of custom gate arrays are high density, high speed and low production costs in high volumes. The Company continues to develop lower cost architectures intended to narrow the gap between current custom gate array production costs (in high volumes) and FPGA production costs. The Company competes with high density programmable logic suppliers on the basis of performance, the ability to deliver complete solutions to customers and customer support, taking advantage of the primary characteristics of flexible, high speed implementation and quick time-to-market capabilities of the Company's PLD product offerings. In addition, the Company competes with manufacturers of other programmable logic products on the basis of price, performance, design and software utility. To the extent that such efforts to compete are not successful, the Company's financial condition and results of operations could be materially adversely affected.

The Company relies upon patent, trademark, trade secret and copyright law to protect its intellectual property. There can be no assurance that such intellectual property rights can be successfully asserted in the future or will not be invalidated, circumvented or challenged. From time to time, third parties, including competitors of the Company, have asserted exclusive patent, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that third parties will not assert infringement claims against the Company in the future, that assertions by third parties will not result in costly litigation or that the Company would prevail in such litigation or be able to license any valid and infringed patents from third parties on commercially reasonable terms. Litigation, regardless of its outcome, could result in substantial cost and diversion of resources of the Company. Any infringement claim or other litigation against or by the Company could materially, adversely affect the Company's financial condition and results of operations.

The Company's future success depends in large part on the continued service of its key technical, sales, marketing and management personnel and on its ability to continue to attract and retain qualified employees. Particularly important are those highly skilled design, process and test engineers involved
in the manufacture of existing products and the development of new products and processes. The competition for such personnel is intense, and the loss of key employees could have a material, adverse effect on the Company's financial condition and results of operations.

Sales outside of the United States carry a number of inherent risks, including risks of currency exchange fluctuations, government regulation of exports, tariffs and other potential trade barriers, reduced protection for intellectual property rights in some countries, the impact of recessionary environments in economies outside the United States and generally longer receivable collection periods. The Company's business is also subject to the risks associated with the imposition of legislation and regulations relating specifically to the import or export of semiconductor products. The Company cannot predict whether quotas, duties, taxes or other charges or restrictions will be imposed by the United States or other countries upon the importation or exportation of the Company's products in the future or what, if any, effect such actions would have on the Company's financial condition and results of operations.

In order to expand international sales and service, the Company will need to maintain and expand existing foreign operations or establish new foreign operations. This entails hiring additional personnel and maintaining or expanding existing relationships with international distributors and sales representatives. This will require significant management attention and financial resources and could adversely affect the Company's financial condition and results of operations. There can be no assurance that the Company will be successful in its maintenance or expansion of existing foreign operations, in its establishment of new foreign operations or in its efforts to maintain or expand its relationships with international distributors or sales representatives.

The semiconductor industry has historically been cyclical and subject to, at various times, significant economic downturns characterized by diminished product demand, accelerated erosion of average selling prices and overcapacity. The Company may experience substantial period-to-period fluctuations in future operating results due to general semiconductor industry conditions, overall economic conditions or other factors.

Many of the Company's operations are centered in an area of California that has been seismically active. Should there be a major earthquake in this area, the Company's operations may be disrupted resulting in the inability of the Company to ship products in a timely manner, thereby materially adversely affecting the Company's financial condition and results of operations.

In addition, the securities of many high technology companies have historically been subject to extreme price and volume fluctuations which may adversely affect the market price of the Company's common stock.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition at March 31, 1997 remained strong. Total current assets exceeded total current liabilities by 6.2 times, compared to 5.2 times at March 31, 1996. Since its inception, the Company has used a combination of equity and debt financing and cash flow from operations to support on-going business activities, make acquisitions and investments in complementary technologies, obtain facilities and capital equipment and finance inventory and accounts receivable.

Total assets have grown from $720.9 million in 1996 to $847.7 million in 1997. The percentage changes of selected balance sheet items from March 1996 to March 1997 are shown below:

<table>
<thead>
<tr>
<th>Description</th>
<th>% Change from 1996 to 1997</th>
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<tbody>
<tr>
<td>Cash, cash equivalents and</td>
<td></td>
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<tr>
<td>short-term investments</td>
<td>12.7%</td>
</tr>
</tbody>
</table>
### Cash, Cash Equivalents and Short-term Investments

Xilinx's cash, cash equivalents and short-term investments increased by $47.9 million in 1997 to $425.8 million. The Company generated cash flow of approximately $140 million from operating activities in 1997, offset by $30.3 million of cash used for investing activities, including the net proceeds from maturity of investments, investments in property, plant and equipment and advances for wafer purchases. In addition, the Company used $4.7 million for financing activities, of which $32 million was used to acquire Treasury Stock offset by $28.3 million in proceeds from sales of common stock under employee option and stock purchase plans. At March 31, 1997, cash, cash equivalents and short-term investments represented 50.2% of total assets.

### Receivables

Receivables decreased 9.2% from $79.5 million at the end of 1996 to $72.2 million at the end of 1997. The decrease is primarily due to relatively even product shipments throughout the fourth quarter of 1997. Days sales outstanding decreased from 48 days in 1996 to 43 days in 1997.

### Inventories

Inventories increased 58.9% from $39.2 million at March 1996 to $62.4 million at March 1997. Inventory levels at March 31, 1997 represent 96 days of inventory, which is higher than the Company's objective of 70 to 90 days, compared to 69 days at March 31, 1996. The semiconductor industry inventory correction contributed to the increase in inventory, as the Company's customers focused on reducing their existing inventory levels. Additionally, inventory levels were impacted by improved yields and planned build of inventory to support the introduction of new product families. The Company seeks to balance two contradictory objectives with regard to inventory management. On the one hand, the Company believes that its standard, off-the-shelf products should be available for prompt shipment to customers. Accordingly, it attempts to maintain sufficient levels of inventory in various product, package and speed configurations to meet estimates of customer demand. At the same time, the Company also wishes to minimize the handling costs associated with maintaining higher inventory levels and to realize fully the opportunities for cost reductions associated with manufacturing process advancements. The Company continually strives to balance these two objectives so as to provide excellent customer response at a competitive cost.

### Advances for wafer purchases

See discussion under 'Commitments', below.

### Property, Plant and Equipment

During 1997, Xilinx invested $26.8 million in property and equipment, as compared to $60.5 million in 1996. During 1997, the Company completed construction of an $8.5 million facility in Boulder, Colorado and continues to invest in software development tools and semiconductor design, test and manufacturing equipment in each of its manufacturing locations. As the Company's $32.3 million Ireland manufacturing facility was completed in fiscal 1996, capital expenditures in fiscal 1997 were significantly lower than in the prior year.

### Current Liabilities
Current liabilities decreased by 5.2% to $97.3 million at the end of 1997. The decrease was primarily attributable to a decrease in trade payables due to the timing of payments near year end.

Line of Credit

The Company has credit line facilities for up to $46.2 million (see Note 5 of Notes to Consolidated Financial Statements), of which $6.2 million is intended to meet occasional working capital requirements for the Company's Ireland manufacturing facility. At March 31, 1997 and 1996, no borrowings were outstanding under the lines of credit.

Long-term Debt

In November 1995, the Company issued $250 million in convertible subordinated notes. See Note 5 of Notes to Consolidated Financial Statements.

Stockholders' Equity

Stockholders' equity grew by 33.2% in 1997 to $490.7 million. The increase of $122.4 million was primarily attributable to $110.4 million in net income and $45.1 million related to the issuance of common stock in accordance with the Company's stock plans and the tax benefit from stock options, offset by the $32 million used to acquire 877,500 shares of Treasury Stock. Stockholders' equity as a percentage of total assets was 57.9% for 1997 and 51.1% for 1996.

Commitments

The Company entered into a series of agreements with UMC pursuant to which the Company, UMC and other parties formed the USI joint venture for the purpose of building and managing an advanced semiconductor manufacturing facility in Taiwan. See Notes 4 and 6 of Notes to Consolidated Financial Statements. Under the terms of the agreement, the Company invested approximately $34 million in fiscal 1996 and expects to invest additional amounts totaling approximately $102 million, for a 25% equity interest in the venture. As a result of its equity ownership, the Company has rights to purchase a percentage of the facility's wafer production at current market prices. During fiscal 1997, the Board of Directors of USI voted to delay the wafer fabrication facility construction schedule. As a result, the additional payments were also delayed and are now expected to be made in fiscal 1998. The revised schedule for construction of the facility and the related payments are subject to further change based on overall semiconductor industry conditions and other factors. UMC has committed to and is supplying the Company with wafers manufactured in an existing facility until capacity is available in the new facility.

In fiscal 1997, the Company signed an agreement with Seiko Epson, a primary wafer supplier. See Note 6 of Notes to Consolidated Financial Statements. The agreement provides for an advance to Seiko Epson of up to $200 million to be used in the construction of a wafer fabrication facility in Japan, which will provide access to eight-inch sub-micron wafers. In conjunction with the agreement, $30 million installments were paid in May 1996, November 1996 and May 1997 (subsequent to fiscal 1997), and further $30 million installments are scheduled for November 1, 1997 and February 1, 1998 or upon the start of mass production, whichever is later. The final installment for the advance payment of $50 million is due on or after the later of April 1, 1998 or the date the outstanding balance of the advance payment is less than $125 million. As a result, the maximum outstanding amount of the advance payment at any time is $175 million. Repayment of this advance will be in the form of wafer deliveries expected to begin in the first half of calendar 1998. Specific wafer pricing will be based upon the prices of similar wafers manufactured by other, specifically identified, leading-edge foundry suppliers. The advance payment provision also provides for interest to be paid to the Company in the form of free wafers. In addition to the advance payments, the Company may also provide further funding to Seiko Epson in the amount of $100 million. This additional funding would be paid after the final installment of the advance and the form of the additional funding will be negotiated at that time.

Employees

During 1997, Xilinx experienced a 6% increase in the number of employees. The Company had 1,277 employees at the end of 1997 as compared to 1,201 at the end of the prior year.
The Company anticipates that existing sources of liquidity and cash flow from operations will be sufficient to satisfy the Company's cash needs for the foreseeable future. The Company will continue to evaluate opportunities for investments to obtain additional wafer supply capacity, procurement of additional capital equipment and facilities, development of new products, and potential acquisitions of businesses, products or technologies that would complement the Company's businesses and may use available cash or other sources of funding for such purposes.

ITEM 8.  FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME
In thousands except per share amounts

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<thead>
<tr>
<th>Years ended March 31,</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>$568,143</td>
<td>$560,802</td>
<td>$355,130</td>
</tr>
<tr>
<td>Costs and expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>214,337</td>
<td>203,192</td>
<td>138,492</td>
</tr>
<tr>
<td>Write-off of discontinued product family</td>
<td>5,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Research and development</td>
<td>71,075</td>
<td>64,600</td>
<td>45,318</td>
</tr>
<tr>
<td>Marketing, general and administrative</td>
<td>118,670</td>
<td>107,888</td>
<td>76,772</td>
</tr>
<tr>
<td>Non-recurring charges</td>
<td>-</td>
<td>19,366</td>
<td>2,500</td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>409,082</td>
<td>395,046</td>
<td>263,082</td>
</tr>
<tr>
<td>Operating income</td>
<td>159,061</td>
<td>165,756</td>
<td>92,048</td>
</tr>
<tr>
<td>Interest income and other</td>
<td>21,258</td>
<td>10,791</td>
<td>13,083</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(14,561)</td>
<td>(5,645)</td>
<td>(10,286)</td>
</tr>
<tr>
<td>Income before provision for taxes on income</td>
<td>165,758</td>
<td>170,902</td>
<td>94,845</td>
</tr>
<tr>
<td>Provision for taxes on income</td>
<td>55,382</td>
<td>69,448</td>
<td>35,567</td>
</tr>
<tr>
<td>Net income</td>
<td>$110,376</td>
<td>$101,454</td>
<td>$ 59,278</td>
</tr>
<tr>
<td>Net income per share</td>
<td>$   1.39</td>
<td>$   1.28</td>
<td>$    .80</td>
</tr>
<tr>
<td>Weighted average common and common equivalent shares used in computing per share amounts</td>
<td>79,675</td>
<td>78,955</td>
<td>74,109</td>
</tr>
</tbody>
</table>

<FN>
See accompanying notes.

CONSOLIDATED BALANCE SHEETS
In thousands except per share amounts

March 31, 1997  1996

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$215,903</td>
<td>$110,893</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>209,944</td>
<td>267,068</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts and customer returns of $5,734 and $5,199 in 1997 and 1996, respectively</td>
<td>72,248</td>
<td>79,528</td>
</tr>
<tr>
<td>Inventories</td>
<td>62,367</td>
<td>39,238</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>36,420</td>
<td>28,146</td>
</tr>
</tbody>
</table>
CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands

Years ended March 31,
1997  1996  1995

Increase (decrease) in Cash and Cash Equivalents
Cash flows from operating activities:
Net income $110,376 $101,454 $59,278
Adjustments to reconcile net income to net cash provided by operating activities:
Write-off of in-process technology - 19,366 -
Depreciation and amortization 27,997 22,464 12,241
Undistributed earnings of joint venture (1,336) - -
Changes in assets and liabilities net of effects of NeoCAD acquisition:
Inventories, including the impact of receipts against Accounts receivable 7,280 (34,777) (7,959)

<FN>
See accompanying notes
CONSOLIDATED STATEMENT OF STOCKHOLDERS’ EQUITY
In thousands

<table>
<thead>
<tr>
<th>Three years ended March 31, 1997</th>
<th>Common Stock</th>
<th>Additional Paid-in Capital</th>
<th>Unrealized Gain/(Loss) on Available For Sale Securities</th>
<th>Treasury Stock</th>
<th>Cumulative Translation Adjustment</th>
<th>Total Stockholder’s Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at March 31, 1994</td>
<td>71,658</td>
<td>717</td>
<td>82,806</td>
<td>106,773</td>
<td>(17,418)</td>
<td>172,878</td>
</tr>
<tr>
<td>Reissue of Treasury Stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>under employee stock plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax benefit from exercise of stock options</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized loss on available-for-sale securities, net of tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>59,278</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>59,278</td>
</tr>
<tr>
<td>Balance at March 31, 1995</td>
<td>71,658</td>
<td>717</td>
<td>85,755</td>
<td>166,851</td>
<td>(8,223)</td>
<td>243,971</td>
</tr>
<tr>
<td>Reissue of common shares</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>under employee stock plans</td>
<td></td>
<td></td>
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<tr>
<td>Tax benefit from exercise of stock options</td>
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<tr>
<td>Unrealized loss on available-for-sale securities, net of tax</td>
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<tr>
<td>Net income</td>
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<tr>
<td></td>
<td>101,454</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>101,454</td>
</tr>
<tr>
<td>Balance at March 31, 1996</td>
<td>71,933</td>
<td>719</td>
<td>99,588</td>
<td>267,505</td>
<td>432</td>
<td>368,244</td>
</tr>
<tr>
<td>Issuance of common shares</td>
<td></td>
<td></td>
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<tr>
<td>under employee stock plans</td>
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<td></td>
</tr>
<tr>
<td>Acquisition of Treasury Stock</td>
<td></td>
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<td></td>
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<tr>
<td>under employee stock plans</td>
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</tr>
<tr>
<td>Tax benefit from exercise of stock options</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized loss on available-for-sale securities, net of tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>110,376</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>110,376</td>
</tr>
<tr>
<td>Balance at March 31, 1997</td>
<td>73,342</td>
<td>733</td>
<td>$114,447</td>
<td>$377,881</td>
<td>$83</td>
<td>$490,680</td>
</tr>
</tbody>
</table>

See accompanying notes.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF OPERATIONS

Xilinx designs, develops and markets programmable logic semiconductor devices and related design software. The Company's programmable logic product lines include field-programmable gate arrays and complex programmable logic devices. The wafers used to manufacture the Company's products are obtained from independent wafer manufacturers, located primarily in Japan and Taiwan. The Company is dependent upon these manufacturers to produce and deliver wafers on a timely basis. The Company is also dependent on subcontractors, located in the Asia Pacific region, to provide semiconductor assembly services. Xilinx is a global company with manufacturing facilities in the United States and Ireland and sales offices throughout the world. The Company's products are sold to customers in the computer, peripheral, telecommunications, networking, industrial control, instrumentation, high reliability/military and consumer markets. The Company derives more than one-third of its revenues from international sales, primarily in Europe and Japan.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CONCENTRATIONS OF RISK

Basis of presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after elimination of all intercompany accounts and transactions. The Company's fiscal year ends on the Saturday nearest March 31. For ease of presentation, March 31 has been utilized as the fiscal year-end for all financial statement captions. Fiscal years 1997, 1996 and 1995 each consisted of 52 weeks.

Cash equivalents and investments

Cash and cash equivalents consists of cash on deposit with banks, tax-advantaged municipal bonds, and investments in money market instruments with insignificant interest rate risk and original maturities at date of acquisition of 90 days or less. Short-term investments consist of tax-advantaged municipal bonds and corporate bonds with maturities greater than 90 days but less than one year. Restricted investments consist of U.S. Treasury Securities held as collateral relating to leases for the Company's facilities. See Note 6 of Notes to Consolidated Financial Statements. The Company maintains its cash, cash equivalents and short-term investments in several financial instruments with various banks and investment banking institutions. This diversification of risk is consistent with Company policy to maintain liquidity and ensure the safety of principal.

Management classifies investments as available-for-sale or held-to-maturity at the time of purchase and re-evaluates such designation as of each balance sheet date. Securities are classified as held-to-maturity when the Company has the positive intent and the ability to hold the securities until maturity. Held-to-maturity securities are carried at cost adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization, as well as any interest on the securities, is included in interest income. Securities not classified as held to maturity are classified as available-for-sale. Available-for-sale securities are carried at fair value with the unrealized gains or losses, net of tax, included as a separate component of stockholders' equity. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in other income. The fair values for marketable debt and equity securities are based on quoted market prices. The cost of securities matured or sold is based on the specific identification method.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market (estimated net realizable value) and are comprised of the following at March 31, 1997 and 1996:
Advances for Wafer Purchases

During fiscal 1995, the Company advanced $42 million to Seiko Epson Corporation (Seiko Epson), a primary wafer supplier. Repayment of this amount was in the form of wafer deliveries and was completed during fiscal 1997. In fiscal 1997, the Company signed an additional agreement with Seiko Epson. See Note 6 of Notes to Consolidated Financial Statements.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the assets of three to five years for machinery, equipment, furniture and fixtures and up to thirty years for buildings.

Revenue Recognition

Net revenues are stated net of discounts and allowances. Revenue from product sales direct to customers and foreign distributors is generally recognized upon shipment. However, the Company defers the recognition of revenue and the related cost of revenue on shipments to domestic distributors that have certain rights of return and price protection privileges on unsold product until the product is sold by the distributor.

Foreign currency translation

The US dollar is the functional currency for the Company's Ireland manufacturing facility. Assets and liabilities that are not denominated in the functional currency are remeasured into US dollars, and the resulting gains or losses are included in net income. The functional currency is the local currency for each of the Company's other foreign subsidiaries. Assets and liabilities are translated at month-end exchange rates, and statements of income are translated at the average exchange rates during the year. Exchange gains or losses arising from translation of foreign currency denominated assets and liabilities are included as a component of stockholders' equity. Prior to fiscal 1997, translation adjustments were not material and therefore were not disclosed as a separate component of stockholders' equity.

Derivative financial instruments

As part of its ongoing asset and liability management activities, the Company enters into certain derivative financial arrangements to reduce financial market risks. The Company does not enter into derivative financial instruments for trading purposes. See Note 5 of Notes to Consolidated Financial Statements.

Employee stock plans

The Company accounts for its stock option and employee stock purchase plans in accordance with provisions of the Accounting Principles Board's Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees."

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such
estimates relate to the useful lives of fixed assets and intangible assets, allowances for doubtful accounts and customer returns, inventory reserves, potential reserves relating to litigation matters and other reserves. Actual results may differ from those estimates, and such differences may be material to the financial statements.

Net income per share

Net income per common and common equivalent share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Dilutive common equivalent shares consist of stock options (using the treasury stock method). Fully diluted earnings per share is computed using the weighted average common and dilutive common equivalent shares outstanding, plus other dilutive shares which are not common equivalent shares. The effect of the convertible subordinated notes was antidilutive in the calculation of fully diluted earnings per share for the periods presented. In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings per Share, which the Company will be required to adopt during the quarter ending December 31, 1997. At that time, the Company will be required to change the method currently used to compute net income per share and to restate all prior periods. The new requirements will include a calculation of "basic" net income per share, which will exclude the dilutive effect of stock options. The calculation of basic net income per share for fiscal years 1997, 1996 and 1995 results in net income per share of $1.52, $1.43 and $.85, respectively. A calculation of "diluted" net income per share will also be required. However, this calculation is not expected to differ materially from the actual net income per share amounts reported for the years presented.

Concentrations of credit risk

The Company believes that the concentration of credit risk in its trade receivables with respect to the high-technology industry is substantially mitigated by the Company's credit evaluation process, relatively short collection terms, distributor agreements, and the geographical dispersion of sales. The Company generally does not require collateral. Bad debt write-offs have been insignificant for all years presented.

Concentration of other risks

The semiconductor industry is characterized by rapid technological change, intense competitive pressure and cyclical market patterns. The Company's results of operations are affected by a wide variety of factors, including general economic conditions, conditions relating to technology companies, conditions specific to the semiconductor industry, decreases in average selling prices over the life of any particular product, the timing of new product introductions (by the Company, its competitors and others), the ability to manufacture in a timely manner sufficient quantities of a given product, the timely implementation of new manufacturing technologies, the ability to safeguard patents and intellectual property from competitors, and the impact of new technologies resulting in rapid escalation of demand for some products in the face of equally steep decline in demand for others. As a result, the Company may experience substantial period-to-period fluctuations in future operating results due to the factors mentioned above or other factors.

NOTE 3. ACQUISITION

In April 1995, the Company acquired NeoCAD, Inc. (NeoCAD), a private company engaged in the design, development and sale of FPGA software design tools for programmable electronic technologies, for $35 million in cash. The transaction was treated as a purchase for accounting purposes; accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values. NeoCAD's financial results from the date of acquisition are included in the Company's consolidated financial results. The excess of the purchase price over the fair values of liabilities assumed, net of tangible assets acquired, was allocated to in-process technology ($19.4 million), developed technology ($15.7 million) and the assembled workforce ($0.7 million). The amount of in-process technology was written-off as a non-recurring item during fiscal 1996. The developed technology and assembled workforce assets are being amortized over six and two years, respectively. In fiscal 1997, the Company recorded amortization of $2.6 million and $0.4 million relating to the developed technology and
assembled workforce assets, respectively, for a total amortization to date of $5.2 million and $.7 million, respectively.

NOTE 4. JOINT VENTURE

The Company, United Microelectronics Corporation (UMC) and other parties have entered into a joint venture to construct a wafer fabrication facility in Taiwan, known as United Silicon Inc. (USI). The Company has agreed to invest a total of 3.75 billion New Taiwan dollars (approximately $136 million), which will result in a 25% equity ownership in the joint venture and the right to receive 31.25% of the wafer capacity from this facility. In January 1996, the Company invested 937.5 million New Taiwan dollars (approximately $34 million) in the joint venture. UMC has committed to and is supplying the Company with wafers manufactured in an existing facility until capacity is available in the new facility. The USI joint venture is accounted for by the equity method. See further discussion in Note 6 of Notes to Consolidated Financial Statements.

NOTE 5. FINANCIAL INSTRUMENTS

Cash and Investments  The following is a summary of available-for-sale securities:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>March 31, 1997</th>
<th>April 30, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amortized</td>
<td>Gross</td>
</tr>
<tr>
<td>Cash and cash equivalents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal bond</td>
<td>210,203</td>
<td></td>
</tr>
<tr>
<td>Short-term investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td></td>
<td>31,782</td>
</tr>
<tr>
<td>Municipal bonds</td>
<td>209,806</td>
<td>233,854</td>
</tr>
<tr>
<td></td>
<td></td>
<td>420,009</td>
</tr>
</tbody>
</table>

All investments classified as “available-for-sale securities” have maturities due in one year or less. Realized gains or losses from sales of available-for-sale securities were immaterial for all periods presented.

Held-to-maturity securities represent investments in US Treasury Securities for which amortized cost equals estimated fair value at March 31, 1997 and March 31, 1996. Held-to-maturity securities relate to certain collateral requirements for lease agreements associated with the Company's corporate facilities and have maturities due in one year or less. See Note 6 of Notes to Consolidated Financial Statements.

Derivatives

The Company periodically enters into currency forward or option contracts to minimize foreign exchange risk relating to the Company's purchase of wafers, some of which are denominated in yen. At March 31, 1997, commitments under option contracts to purchase yen in fiscal 1998 were outstanding in the aggregate amount of $2.8 million. These contracts are accounted for as identifiable hedges against wafer purchases. Realized gains or losses are recognized upon maturity of the contracts and are included in cost of sales. At March 31, 1997, the fair value of these option contracts was immaterial based on market exchange rates. The maturities on these contracts is less than twelve months.

The Company has entered into foreign exchange forward contracts to minimize the impact of future exchange fluctuations on the US dollar cost of investing in the USI joint venture. The contracts require the Company to exchange US dollars for New Taiwan dollars and mature within one year. The contracts are accounted for as a hedge of an identifiable foreign currency commitment. Realized gains or losses will be recognized upon maturity of the contracts and will be included in the USI joint venture investment. At March 31, 1997, the outstanding foreign exchange contracts related to the USI joint venture were approximately $102 million and the fair value of these contracts was immaterial, based on market exchange rates.

The Company has entered into an interest rate swap agreement with a third party in order to reduce risk related to movements in interest rates. Under the agreement, which was effective starting in May 1996 and terminates in November 1998, the Company effectively converted the fixed rate interest payments related to $125 million of the Company's convertible subordinated
notes to variable rate interest payments without the exchange of the underlying principal amounts. The Company receives fixed interest rate payments (equal to 5.935%) from the third party and is obligated to make variable rate payments (equal to the three month LIBOR rate) to the third party during the term of the agreement. The net amount of interest payments received from the third party and interest payments made by the Company to the third party is included in interest expense. The fair value of the interest rate swap was immaterial based on market exchange rates.

During 1995, the Company completed a reverse repurchase transaction entered into with the intent of generating net interest income in an increasing interest rate environment and capital gains that could be used to offset previously incurred capital losses relating to the non-recurring $2.5 million write-off of the investment in Star Semiconductor. As a result of this transaction, the Company recorded approximately $9.7 million of interest expense, $4.7 million of interest income and $4.8 million of bond premium amortization in 1995. Although the Company has generally invested in more conventional investments, such as municipal bonds, the Company believes that the short sale of U.S. Treasury Securities met the Company's investment objectives in 1995. Future investment strategies will be made in accordance with investment policies designed to preserve and enhance corporate assets as such strategies may be adopted from time to time by the Company's Board of Directors.

Long-Term Debt and Lines of Credit

In November 1995, the Company completed a private placement of $250 million aggregate principal convertible subordinated notes under Rule 144A of the Securities Act of 1933. The notes, which mature in 2002, are convertible at the option of the note holders into the Company's common stock at a conversion price of $51 per share, subject to adjustment upon the occurrence of certain events. The conversion price represented a 24.77% premium over the closing price of the Company's stock on November 7, 1995. Interest is payable semi-annually at 5.25% per annum. At any time on or after November 4, 1997, the notes are redeemable at the option of the Company at an initial redemption price of 103.75% of the principal amount, except that prior to November 3, 1998, the notes are not redeemable unless the closing price of the Company's common stock has exceeded $71.40 (40% premium over the conversion price) per share for twenty trading days within a period of thirty consecutive trading days. Redemption prices as a percentage of the principal amount are 103%, 102.25%, 101.50% and 100.75% in the years beginning November 1, 1998, November 1, 1999, November 1, 2000 and November 1, 2001, respectively. Debt issuance costs of $6.1 million incurred in conjunction with issuance of the convertible subordinated notes are being amortized over the seven year life of the notes. In 1997, the Company recorded debt issuance cost amortization of $0.9 million. At March 31, 1997, the fair value of the convertible subordinated notes was approximately $291 million based on quoted market prices. The Company has reserved 4,901,961 shares of common stock for the conversion of these notes.

The Company has $40 million available under a multicurrency revolving credit line agreement which expires in March 1998. Under this agreement, borrowings bear interest at the bank's reference rate or 0.75% over the bank's interbank market rate depending on the currency borrowed. Additionally, the Company's Ireland manufacturing facility has $6.2 million available under a multicurrency credit line which expires in November 1997. Under this agreement, borrowings bear interest at 0.79% over the bank's prime rate. At March 31, 1997, no borrowings were outstanding under either credit line. The agreements require the Company to comply with certain covenants and maintain certain financial ratios. The agreements prohibit the payment of cash dividends without prior bank approval.

NOTE 6. COMMITMENTS

The Company leases its manufacturing and office facilities under operating leases that expire at various dates through December 2014. Lease agreements for the Company's corporate facilities contain payment provisions which allow for changes in rental amounts based upon interest rate changes. The approximate future minimum lease payments under operating leases are as follows:

Years Ended March 31, (in thousands)
- ---------------------  ---------------
Rent expense for the years ended March 31, 1997, 1996 and 1995 was approximately $4.5 million, $4.3 million and $4 million, respectively.

The Company has entered into lease agreements relating to its corporate facilities which would allow the Company to purchase the facilities on or before the end of the lease term in December 1999. If at the end of the lease term the Company does not purchase the property under lease or arrange a third party purchase, then the Company would be obligated to the lessor for a guarantee payment equal to a specified percentage of the Company's purchase price for the property. The Company would also be obligated to the lessor for all or some portion of this amount if the price paid by the third party is below a specified percentage of the Company's purchase price. The Company is also required to comply with certain covenants and maintain certain financial ratios. As of March 31, 1997, the total amount related to the leased facilities for which the Company is contingently liable is $39.8 million. Under the terms of the agreements, the Company is required to maintain collateral (restricted investments) of approximately $36 million during the lease term.

In fiscal 1997, the Company signed an agreement with Seiko Epson, a primary wafer supplier. The agreement provides for an advance to Seiko Epson of up to $200 million to be used in the construction of a wafer fabrication facility in Japan, which will provide access to eight-inch sub-micron wafers. In conjunction with the agreement, $30 million installments were paid in May 1996, November 1996 and May 1997 (subsequent to fiscal 1997), and further $30 million installments are scheduled for November 1, 1997 and February 1, 1998 or upon the start of mass production, whichever is later. The final installment for the advance payment of $50 million is due on or after the later of April 1, 1998 or the date the outstanding balance of the advance payment is less than $125 million. As a result, the maximum outstanding balance of the advance payment is $175 million. Repayment of this advance will be in the form of wafer deliveries expected to begin in the first half of calendar 1998. Specific wafer pricing will be based upon the prices of similar wafers manufactured by other, specifically identified, leading-edge foundry suppliers. The advance payment provision also provides for interest to be paid to the Company in the form of free wafers. In addition to the advance payments, the Company may also provide further funding to Seiko Epson in the amount of $100 million. This additional funding would be paid after the final installment of the advance and the form of the additional funding will be negotiated at that time.

In addition, the Company expects to invest additional amounts, which total 2.8 billion New Taiwan dollars (approximately $102 million), in the USI joint venture discussed in Note 4 of Notes to Consolidated Financial Statements. During fiscal 1997, the Board of Directors of USI voted to delay the wafer fabrication facility construction schedule. As a result, the additional payments were also delayed and are now expected to be made in fiscal 1998. The revised timing of construction of the facility and the related payments are subject to further change based on overall semiconductor industry conditions and other factors.

NOTE 7. STOCKHOLDERS' EQUITY

The Company's Certificate of Incorporation provides for 200 million shares of common stock and 2 million shares of undesignated preferred stock.

Treasury Stock

The Company authorized a stock buyback program in September 1996 whereby up to 2 million shares of the Company's common stock may be purchased in the open market from time to time as market and business conditions warrant. The Company has reissued Treasury Shares repurchased in response to Employee Stock Option exercises and Employee Qualified Stock Purchase Plan requirements.
During fiscal 1997, the Company repurchased 877,500 shares of common stock for $32 million, of which 837,000 shares were reissued.

Stock Split

In July 1995, the Company's stockholders approved a 3-for-1 stock split, in the form of a 200% stock dividend, payable to stockholders of record on a specified date. Shares, per share amounts, common stock at par value, and additional paid in capital have been restated to reflect the stock split for all periods presented.

Stockholder Rights Plan

In October 1991, the Company adopted a stockholder rights plan and declared a dividend distribution of one common stock purchase right for each outstanding share of common stock. The rights become exercisable based upon the occurrence of certain conditions including acquisitions of Company stock, tender or exchange offers and certain business combination transactions of the Company. In the event one of the conditions is triggered, each right entitles the registered holder to purchase a number of shares of common stock of the Company or, under limited circumstances, of the acquirer. The rights are redeemable at the Company's option, under certain conditions, for $0.01 per right and expire on October 4, 2001.

Employee Stock Option Plan

The Company adopted the 1988 Stock Option Plan (the Option Plan) under which a total of 36,081,000 common shares have been reserved for issuance to employees, directors, and consultants of the Company, after shareholder approval of 3,300,000 additional shares in July 1996. Options to purchase shares of the Company's common stock under the Option Plan are granted at 100% of the fair market value of the stock on the date of grant. Options granted to date expire ten years from date of grant and generally vest at varying rates over five years.

A summary of the Company's Option Plan activity, and related information, follows:

<table>
<thead>
<tr>
<th>Years ended March 31,</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>Exercise Price</td>
<td>Shares</td>
</tr>
<tr>
<td>Outstanding at beginning of year</td>
<td>13,888</td>
<td>$ 16.78</td>
<td>11,452</td>
</tr>
<tr>
<td>Granted</td>
<td>2,597</td>
<td>33.52</td>
<td>3,971</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(1,025)</td>
<td>19.49</td>
<td>(366)</td>
</tr>
<tr>
<td>Outanding at end of year</td>
<td>13,708</td>
<td>$ 20.54</td>
<td>13,888</td>
</tr>
</tbody>
</table>

Shares available for grant: 2,992

The following table summarizes information relating to options outstanding and exercisable under the Option Plan at March 31, 1997:

<table>
<thead>
<tr>
<th>Range of Exercise Prices</th>
<th>Options Outstanding (000)</th>
<th>Options Exercisable (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weighted Average Options</td>
<td>Weighted Average Options</td>
</tr>
<tr>
<td></td>
<td>Remaining Contractual Life (Years)</td>
<td>Exercise Price</td>
</tr>
<tr>
<td>0.12 - 12.13</td>
<td>2,837</td>
<td>4.47</td>
</tr>
<tr>
<td>13.33 - 16.42</td>
<td>1,821</td>
<td>7.18</td>
</tr>
</tbody>
</table>
At March 31, 1996, 4.6 million options were exercisable.

Employee Qualified Stock Purchase Plan

Under the Company's 1990 Employee Qualified Stock Purchase Plan (the Stock Purchase Plan), qualified employees can elect to have up to 15 percent of their annual earnings withheld to purchase the Company's common stock at the end of six-month enrollment periods. The purchase price of the stock is 85% of the lower of the fair market value at the beginning of the twenty-four month offering period or at the end of each six month purchase period. Almost all employees are eligible to participate. Of the 3,385,000 shares authorized to be issued under this plan, including the 460,000 shares that were approved by shareholders in July 1996, 535,360 and 537,451 shares were issued during 1997 and 1996, respectively, and 176,690 shares were available for issuance at March 31, 1997.

Stock-Based Compensation

As permitted under FASB Statement No. 123, "Accounting for Stock-Based Compensation" (FASB 123), the Company has elected to continue to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations in accounting for its stock-based awards to employees. Under APB 25, the Company generally recognizes no compensation expense with respect to such awards.

Pro forma information regarding net income and earnings per share is required by FASB 123 and has been determined as if the Company had accounted for awards to employees under the fair value method of FASB 123. The fair value of options and stock purchase plan rights under the Option Plan and Stock Purchase Plan was estimated as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes model was originally developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including expected stock price volatility. Because the Company's options and stock purchase plan rights have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models, in management's opinion, do not necessarily provide a reliable single measure of the fair value of its stock-based awards to employees. The fair value of options and stock purchase plan rights granted in fiscal years 1997 and 1996 was estimated at the date of grant assuming no expected dividends and the following weighted average assumptions.

<table>
<thead>
<tr>
<th>Stock Options</th>
<th>Stock Purchase Plan Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years ended March 31,</td>
<td>1997</td>
</tr>
<tr>
<td>Expected Life (years)</td>
<td>4</td>
</tr>
<tr>
<td>Expected Stock Price Volatility</td>
<td>.56</td>
</tr>
<tr>
<td>Risk-Free Interest Rate</td>
<td>6.26%</td>
</tr>
</tbody>
</table>

For purposes of pro forma disclosures, the estimated fair value of options is amortized against pro forma net income over the options' vesting period. Because FASB 123 is applicable only to the Company's awards granted subsequent to March 31, 1995, its pro forma effect will not be fully reflected until approximately fiscal 2000. Had the Company accounted for stock-based awards to employees under FASB 123, the Company's net income would have been $87.4 million and $86.2 million in 1997 and 1996, respectively, and net income per share would have been $1.12 and $1.10 in 1997 and 1996, respectively.
Calculated under FASB 123, the weighted-average fair value of the options granted during 1997 and 1996 was $15.91 and $14.41 per share, respectively. The weighted-average fair value of employee stock purchase rights granted under the Stock Purchase Plan during 1997 and 1996 were $14.47 and $16.68 per share, respectively.

NOTE 8. INCOME TAXES

The provision for taxes on income consists of:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Years ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1997</td>
</tr>
<tr>
<td></td>
<td>1996</td>
</tr>
<tr>
<td></td>
<td>1995</td>
</tr>
<tr>
<td>Federal:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$40,901</td>
</tr>
<tr>
<td>Deferred</td>
<td>(200)</td>
</tr>
<tr>
<td></td>
<td>40,701</td>
</tr>
<tr>
<td>State:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>12,073</td>
</tr>
<tr>
<td>Deferred</td>
<td>(1,483)</td>
</tr>
<tr>
<td></td>
<td>10,590</td>
</tr>
<tr>
<td>Foreign:</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>4,091</td>
</tr>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>$55,382</td>
</tr>
</tbody>
</table>

The tax benefits associated with the disqualifying dispositions of stock options or employee stock purchase plan shares reduce taxes currently payable by $16.7 million, $7.9 million and $3.5 million for 1997, 1996, and 1995, respectively. Such benefits are credited to additional paid-in capital when realized. Pretax income from foreign operations was $36.1 million and $11.5 million for fiscal years 1997 and 1996 while fiscal year 1995 had a loss of $.2 million. Unremitted foreign earnings that are considered to be permanently invested outside the United States and on which no deferred taxes have been provided, accumulated to approximately $14.8 million. The residual US tax liability, if such amounts were remitted, would be approximately $3.7 million.

The provision for income taxes reconciles to the amount obtained by applying the Federal statutory income tax rate to income before provision for taxes as follows:

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Years ended March 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1997</td>
</tr>
<tr>
<td></td>
<td>1996</td>
</tr>
<tr>
<td></td>
<td>1995</td>
</tr>
<tr>
<td>Income before provision for taxes</td>
<td>$165,758</td>
</tr>
<tr>
<td>Federal statutory tax rate</td>
<td>35%</td>
</tr>
<tr>
<td>Computed expected tax</td>
<td>$ 58,016</td>
</tr>
<tr>
<td>State taxes net of federal benefit</td>
<td>$ 6,884</td>
</tr>
<tr>
<td>Tax exempt interest</td>
<td>(3,278)</td>
</tr>
<tr>
<td>Write-off of NeoCAD in-process technology</td>
<td>-</td>
</tr>
<tr>
<td>Foreign earnings at lower tax rates</td>
<td>(2,478)</td>
</tr>
<tr>
<td>Research and development tax credit</td>
<td>(2,522)</td>
</tr>
<tr>
<td>Other</td>
<td>(1,240)</td>
</tr>
<tr>
<td>Provision for taxes on income</td>
<td>$ 55,382</td>
</tr>
</tbody>
</table>
The major components of deferred tax assets and liabilities consist of the following:

<table>
<thead>
<tr>
<th>Years ended March 31,</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory valuation differences</td>
<td>$12,471</td>
<td>$3,887</td>
<td>$3,393</td>
</tr>
<tr>
<td>Deferred income on shipments to distributors</td>
<td>15,808</td>
<td>15,917</td>
<td>9,232</td>
</tr>
<tr>
<td>Nondeductible accrued expenses</td>
<td>7,568</td>
<td>7,778</td>
<td>6,245</td>
</tr>
<tr>
<td>Other</td>
<td>3,156</td>
<td>2,773</td>
<td>1,000</td>
</tr>
<tr>
<td>Total</td>
<td>$39,003</td>
<td>$30,355</td>
<td>$19,870</td>
</tr>
<tr>
<td>Deferred tax liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$(4,026)</td>
<td>$(3,082)</td>
<td>1,524</td>
</tr>
<tr>
<td>Unremitted foreign earnings</td>
<td>$(7,601)</td>
<td>$(1,876)</td>
<td>$(483)</td>
</tr>
<tr>
<td>Other</td>
<td>$(716)</td>
<td>$(264)</td>
<td>$(483)</td>
</tr>
<tr>
<td>Total net deferred tax assets</td>
<td>$26,660</td>
<td>$25,133</td>
<td>$20,911</td>
</tr>
</tbody>
</table>

NOTE 9. INDUSTRY AND GEOGRAPHIC INFORMATION

The Company operates in one single industry segment comprising the design, development and marketing of programmable logic semiconductor devices and the related design software. During fiscal 1996, the Company began operations in its Ireland manufacturing facility. Geographic information for fiscal 1997 and 1996 is presented in the tables below. Foreign operations prior to fiscal 1996 were not material.

<table>
<thead>
<tr>
<th>Years ended March 31,</th>
<th>1997</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income Revenues</td>
<td>$432,009</td>
<td>$379,626</td>
</tr>
<tr>
<td>Income Before Taxes</td>
<td>$157,872</td>
<td>$128,187</td>
</tr>
<tr>
<td>Identifiable Assets</td>
<td>$650,979</td>
<td>$68,861</td>
</tr>
</tbody>
</table>

Export revenues consisting of sales from the US to non-affiliated customers in certain geographic areas were as follows:

<table>
<thead>
<tr>
<th>(In thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years ended March 31,</td>
</tr>
</tbody>
</table>
No single end customer accounted for more than 5% of revenues in 1997 or 6% of revenues in 1996 or 1995. Approximately 15%, 13% and 14% of net product revenues were made through the Company's largest domestic distributor in 1997, 1996 and 1995, respectively. Another distributor accounted for 10% of net product revenues in 1996 and 1995.

NOTE 10. LITIGATION

On June 7, 1993, the Company filed suit against Altera Corporation (Altera) in the United States District Court for the Northern District of California for infringement of certain of the Company's patents. Subsequently, Altera filed suit against the Company alleging that certain of the Company's products infringe certain Altera patents. Fact discovery has been completed in both cases. The cases have been consolidated and are currently scheduled for trial on September 15, 1997.

On April 20, 1995, Altera filed an additional suit against the Company in Federal District Court in Delaware alleging that the Company's XC5000 family infringes an Altera patent. The Company answered the Delaware suit denying that the XC5000 family infringes the patent in suit, asserting certain affirmative defenses and counterclaiming that the Altera Max 9000 family infringes certain of the Company's patents. The Delaware suit was transferred to the United States District Court for the Northern District of California and is also before the same judge.

The ultimate outcome of these matters cannot be determined at this time. Management believes that it has meritorious defenses to such claims and is defending them vigorously, and has not recorded a provision for the ultimate outcome of these matters in its financial statements. The foregoing is a forward looking statement subject to risks and uncertainties, and the future outcome could differ materially due to the uncertain nature of the litigation with Altera and because the lawsuits are still in the pre-trial stage.

In addition, in the normal course of business, the Company receives and makes inquiries with regard to possible patent infringement. Where deemed advisable, the Company may seek or extend licenses or negotiate settlements. Outcomes of such negotiations may not be determinable at any point in time; however, management does not believe that such licenses or settlements will, individually or in the aggregate, have a material adverse effect on the Company's financial position or results of operations.

NOTE 11. WRITE-OFF OF DISCONTINUED PRODUCT FAMILY

During fiscal 1997, the Company discontinued the XC8100 family of one-time programmable antifuse devices. As a result, the Company recorded a pretax charge against earnings of $5 million. This charge primarily related to the write-off of inventory and for termination charges related to purchase commitments to foundry partners for work-in-process wafers which had not completed the manufacturing process.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Xilinx, Inc.

We have audited the accompanying consolidated balance sheets of Xilinx, Inc. as of March 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 1997. Our audits also included the financial statement schedule listed in the Index at Item 14(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and
schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Xilinx, Inc. at March 31, 1997 and 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 1997, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

San Jose, California
April 23, 1997

Supplementary Financial Data

(In thousands, except per share amounts)

QUARTERLY DATA (UNAUDITED)

<table>
<thead>
<tr>
<th>Year Ended March 31, 1997</th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>$150,200</td>
<td>$130,579</td>
<td>$135,587</td>
<td>$151,777</td>
</tr>
<tr>
<td>Gross margin</td>
<td>$96,875</td>
<td>$74,921*</td>
<td>$83,431</td>
<td>$93,579</td>
</tr>
<tr>
<td>Operating income</td>
<td>49,490</td>
<td>29,464*</td>
<td>36,903</td>
<td>43,204</td>
</tr>
<tr>
<td>Net income</td>
<td>32,492</td>
<td>21,218*</td>
<td>26,223</td>
<td>30,443</td>
</tr>
</tbody>
</table>

* After write-off of discontinued product family of $5 million and $0.04 per share net of tax.

After write-off of discontinued product family of $5 million and $0.04 per share net of tax.
Year Ended March 31, 1996  

<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>$125,760</td>
<td>$141,212</td>
<td>$144,123</td>
<td>$149,707</td>
</tr>
<tr>
<td>Gross margin</td>
<td>77,254</td>
<td>89,598</td>
<td>92,451</td>
<td>98,307</td>
</tr>
<tr>
<td>Operating income</td>
<td>18,069*</td>
<td>45,675</td>
<td>49,318</td>
<td>52,694</td>
</tr>
<tr>
<td>Net income</td>
<td>5,548*</td>
<td>29,826</td>
<td>32,190</td>
<td>33,890</td>
</tr>
<tr>
<td>Net income per share</td>
<td>$0.07*</td>
<td>$0.37</td>
<td>$0.41</td>
<td>$0.43</td>
</tr>
<tr>
<td>Shares used in per share calculations</td>
<td>77,487</td>
<td>79,601</td>
<td>79,106</td>
<td>79,622</td>
</tr>
</tbody>
</table>

*After non-recurring charge for in-process technology related to the acquisition of NeoCAD of $19,366 and $0.25 per share.

ITEM 9.   CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III
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Certain information required by Part III is omitted from this Report in that the Registrant will file a definitive proxy statement pursuant to Regulation 14A (the Proxy Statement) not later than 120 days after the end of the fiscal year covered by this Report, and certain information included therein is incorporated herein by reference. Only those sections of the Proxy Statement which specifically address the items set forth herein are incorporated by reference. Such incorporation does not include the Compensation Committee Report or the Performance Graph included in the Proxy Statement.

ITEM 10.   DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning the Company's directors required by this Item is incorporated by reference to the Company's Proxy Statement.

The information concerning the Company's executive officers required by this Item is incorporated by reference to the section in Item 1 hereof entitled "Executive Officers of the Registrant".

ITEM 11.   EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the Company's Proxy Statement.

ITEM 12.   SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the Company's Proxy Statement.

ITEM 13.   CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the Company's Proxy Statement.

PART IV
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ITEM 14.   EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)   (1) The Financial Statements required by Item 14 (a) are filed as part of this annual report.
The Financial Statement Schedule required by Item 14 (a) is filed as part of this annual report. Schedules not filed have been omitted because they are not applicable, are not required, or the information required to be set forth therein is included in the financial statements or notes thereto.

The exhibits listed below in (c) are filed or incorporated by reference as part of this annual report.

(a) Reports on Form 8-K. No reports on Form 8-K were filed during the fourth quarter of fiscal 1997.

(b) Exhibits.

Exhibit Number Description

3.1 (2) Restated Certificate of Incorporation of the Company, as amended to date.
3.2 (1) Bylaws of the Company, as amended to date.
4.1 (3) Preferred Shares Rights Agreement dated as of October 4, 1991 between the Company and The First National Bank of Boston, as Rights Agent.
10.1 (1) Technology Transfer Agreement and Preferred Shares and Warrant Purchase Agreement for Series E Preferred Stock and Series F Preferred Stock dated June 9, 1986 between the Company and Monolithic Memories, Inc.
10.2 (1) Common Stock Purchase Agreement dated March 19, 1990 between the Company and Advanced Micro Devices, Inc.
10.3 (7) Lease dated March 27, 1995 for adjacent facilities at 2055 Logic Drive and 2065 Logic Drive, San Jose, California.
10.4 (7) First Amendment to Master Lease dated April 27, 1995 for the Company's facilities at 2100 Logic Drive and 2101 Logic Drive, San Jose, California.
10.5 (1) 1988 Stock Option Plan, as amended.
10.6 (1) 1990 Employee Qualified Stock Purchase Plan, as amended.
10.7 1997 Stock Option Plan
10.8 (1) Form of Indemnification Agreement between the Company and its officers and directors.
10.9 (4) (6) Patent Cross License Agreement dated as of April 22, 1993 between the Company and Actel Corporation.
10.10.1 (5) Agreement and Plan of Reorganization dated as of March 29, 1995, among Registrant, NeoCAD, Inc. and XXX Acquisition Corporation.
10.10.2 (5) Certificate of Merger filed on April 10, 1995 between NeoCAD, Inc. and XXX Acquisition Corporation.
10.11.1 (6) (8) Foundry Venture Agreement dated as of September 14, 1995 between the Company and United Microelectronics Corporation (UMC).
10.11.2 (6) (8) Fabven Foundry Capacity Agreement dated as of September 14, 1995 between the Company and UMC.
10.11.3 (6) (8) Written Assurances Re Foundry Venture Agreement dated as of September 25, 1995 between UMC and the Company.
10.12 (9) Indenture dated November 1, 1995 between the Company and State Street Bank and Trust Company.
10.14 (9) Separation Agreement dated as of April 8, 1996 between the Company and Curtis Wozniak.
10.15 (9) Consulting Agreement dated as of June 1, 1996 between the Company and Bernard V. Vonderschmitt.
10.16 (6) (9) Advance Payment Agreement entered into on May 17, 1996 between Seiko Epson Corporation and the Company.
11 Statement of Computation of Net Income Per Share.
12 Statement of Computation of Ratios of Earnings to Fixed Charges.
22 Subsidiaries of the Company.
23 Consent of Ernst & Young LLP, Independent Auditors.
25.1 Power of Attorney.
26 Financial Statement Schedule - Schedule II.

(1) Filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 33-34568) which was declared effective June 11, 1990.

(2) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 1991.

(3) Filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 33-43793) effective November 26, 1991.

(4) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended April 3, 1993.

(5) Filed as an exhibit to the Company's Current Report on Form 8-K filed on April 18, 1995.
SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant, has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Jose, State of California, on the 18th day of June, 1997.

XILINX, INC.

By: /s/ Willem P. Roelandts
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Willem P. Roelandts,
President and Chief Executive Officer
1. Purposes of the Plan. The purposes of this Stock Plan are:

   to attract and retain the best available personnel for positions of substantial responsibility,

   to provide additional incentive to Employees, Directors and Consultants, and

   to promote the success of the Company's business.

Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant. Stock Purchase Rights may also be granted under the Plan. The Plan also provides for automatic grants of Nonstatutory Stock Options to Outside Directors.

2. Definitions. As used herein, the following definitions shall apply:

   (a) "Administrator" means the Board or any of its Committees as shall be administering the Plan, in accordance with Section 4 of the Plan.

   (b) "Applicable Laws" means the requirements relating to the administration of stock option plans under U. S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Options or Stock Purchase Rights are, or will be, granted under the Plan.

   (c) "Board" means the Board of Directors of the Company.

   (d) "Code" means the Internal Revenue Code of 1986, as amended.

   (e) "Committee" means a committee of Directors appointed by the Board in accordance with Section 4 of the Plan.

   (f) "Common Stock" means the common stock of the Company.

   (g) "Company" means Xilinx, Inc., a Delaware corporation.

   (h) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

   (i) "Director" means a member of the Board.

   (j) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

   (k) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety days,
unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 181st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonstatutory Stock Option. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.


(m) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

   (i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

   (ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the last market trading day prior to the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

   (iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator.

(n) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(o) "Inside Director" means a Director who is an Employee.

(p) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(q) "Notice of Grant" means a written or electronic notice evidencing certain terms and conditions of an individual Option or Stock Purchase Right grant. The Notice of Grant is part of the Option Agreement.

(r) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(s) "Option" means a stock option granted pursuant to the Plan.

(t) "Option Agreement" means an agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

(u) "Option Exchange Program" means a program whereby outstanding Options are surrendered in exchange for Options with a lower exercise price.

(v) "Optioned Stock" means the Common Stock subject to an Option or Stock Purchase Right.

(w) "Optionee" means the holder of an outstanding Option or Stock Purchase Right.
Purchase Right granted under the Plan.

(x) "Outside Director" means a Director who is not an Employee; provided however, that only those Directors who join the Board after August 1, 1992 shall be considered Outside Directors for purposes of this Plan.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Plan" means this 1997 Stock Plan.

(aa) "Restricted Stock" means shares of Common Stock acquired pursuant to a grant of Stock Purchase Rights under Section 11 of the Plan.

(bb) "Restricted Stock Purchase Agreement" means a written agreement between the Company and the Optionee evidencing the terms and restrictions applying to stock purchased under a Stock Purchase Right. The Restricted Stock Purchase Agreement is subject to the terms and conditions of the Plan and the Notice of Grant.

(cc) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(dd) "Section 16(b)" means Section 16(b) of the Exchange Act.

(ee) "Service Provider" means an Employee, Director or Consultant.

(ff) "Share" means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(gg) "Stock Purchase Right" means the right to purchase Common Stock pursuant to Section 11 of the Plan, as evidenced by a Notice of Grant.

(hh) "Subsidiary" means a "subsidiary corporation", whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan, the maximum aggregate number of Shares which may be optioned and sold under the Plan is 3,250,000 Shares, plus any Shares which have been reserved but unissued under the Company's 1988 Stock Option Plan (as amended) (the "1988 Plan") as of the date of stockholder approval of this Plan and (ii) any Shares returned to the 1988 Plan as a result of termination of options under the 1988 Plan. The Shares may be authorized, but unissued, or reacquired Common Stock.

If an Option or Stock Purchase Right expires or becomes unexercisable without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated); provided, however, that Shares that have actually been issued under the Plan, whether upon exercise of an Option or Right, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that Shares of Restricted Stock which are repurchased by the Company at their original purchase price shall become available for future grant under the Plan.

4. Administration of the Plan.

(a) Procedure.
(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Options granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan shall be administered by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Grants to Outside Directors. All grants of Options to Outside Directors made pursuant to Section 13 of the Plan shall be automatic and nondiscretionary.

(v) Other Administration. Other than as provided above, the Plan shall be administered by (A) the Board or (B) a Committee, which committee shall be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Options and Stock Purchase Rights may be granted hereunder;

(iii) to determine the number of shares of Common Stock to be covered by each Option and Stock Purchase Right granted hereunder;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option or Stock Purchase Right granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options or Stock Purchase Rights may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, any restriction or limitation regarding any Option or Stock Purchase Right of the shares of Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vi) to reduce the exercise price of any Option or Stock Purchase Right to the then current Fair Market Value if the Fair Market Value of the Common Stock covered by such Option or Stock Purchase Right shall have declined since the date the Option or Stock Purchase Right was granted;

(vii) to institute an Option Exchange Program;

(viii) to construe and interpret the terms of the Plan and awards granted pursuant to the Plan;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(x) to modify or amend each Option or Stock Purchase Right (subject to Section 16(c) of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

(xi) to allow Optionees to satisfy withholding tax obligations
by electing to have the Company withhold from the Shares to be issued upon
exercise of an Option or Stock Purchase Right that number of Shares having a
Fair Market Value equal to the amount required to be withheld. The Fair
Market Value of the Shares to be withheld shall be determined on the date that
the amount of tax to be withheld is to be determined. All elections by an
Optionee to have Shares withheld for this purpose shall be made in such form
and under such conditions as the Administrator may deem necessary or
advisable;

(xii) to authorize any person to execute on behalf of the
Company any instrument required to effect the grant of an Option or Stock
Purchase Right previously granted by the Administrator;

(xiii) to make all other determinations deemed necessary or
advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's
decisions, determinations and interpretations shall be final and binding on
all Optionees and any other holders of Options or Stock Purchase Rights.

5. Eligibility. Nonstatutory Stock Options and Stock Purchase Rights
may be granted to Service Providers. Incentive Stock Options may be granted
only to Employees.


(a) Each Option shall be designated in the Option Agreement as
either an Incentive Stock Option or a Nonstatutory Stock Option. However,
notwithstanding such designation, to the extent that the aggregate Fair Market
Value of the Shares with respect to which Incentive Stock Options are
exercisable for the first time by the Optionee during any calendar year (under
all plans of the Company and any Parent or Subsidiary) exceeds $100,000, such
Options shall be treated as Nonstatutory Stock Options. For purposes of this
Section 6(a), Incentive Stock Options shall be taken into account in the order
in which they were granted. The Fair Market Value of the Shares shall be
determined as of the time the Option with respect to such Shares is granted.

(b) Neither the Plan nor any Option or Stock Purchase Right shall
confer upon an Optionee any right with respect to continuing the Optionee's
relationship as a Service Provider with the Company, nor shall they interfere
in any way with the Optionee's right or the Company's right to terminate such
relationship at any time, with or without cause.

(c) The following limitations shall apply to grants of Options:

(i) No Service Provider shall be granted, in any fiscal year
of the Company, Options to purchase more than 1,000,000 Shares.

(ii) In connection with his or her initial service, a Service
Provider may be granted Options to purchase up to an additional 1,000,000
Shares which shall not count against the limit set forth in subsection (i)
above.

(iii) The foregoing limitations shall be adjusted
proportionately in connection with any change in the Company's capitalization
as described in Section 14.

(iv) If an Option is canceled in the same fiscal year of the
Company in which it was granted (other than in connection with a transaction
described in Section 14), the canceled Option will be counted against the
limits set forth in subsections (i) and (ii) above. For this purpose, if the
exercise price of an Option is reduced, the transaction will be treated as a
cancellation of the Option and the grant of a new Option.

7. Term of Plan. Subject to Section 20 of the Plan, the Plan shall
become effective upon its adoption by the Board. It shall continue in effect
for a term of ten (10) years unless terminated earlier under Section 16 of the
Plan.

8. Term of Option. The term of each Option shall be stated in the
Option Agreement. In the case of an Incentive Stock Option, the term shall be ten (10) years from the date of grant or such shorter term as may be provided in the Option Agreement. Moreover, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

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   (a) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

   (i) In the case of an Incentive Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

   (ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

   (iii) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a merger or other corporate transaction.

   (b) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions which must be satisfied before the Option may be exercised.

   (c) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator shall determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of:

   (i) cash;

   (ii) check;

   (iii) promissory note;

   (iv) other Shares which (A) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six months on the date of surrender, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

   (v) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan;

   (vi) a reduction in the amount of any Company liability to the Optionee, including any liability attributable to the Optionee's participation in any Company-sponsored deferred compensation program or arrangement;

   (vii) any combination of the foregoing methods of payment; or

   (viii) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

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    (a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. Unless the Administrator provides
otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives:
(i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and
(ii) full payment for the Shares with respect to which the Option is exercised. Full payment may be by tender or by any other form of consideration, including any consideration received by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner shall decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Relationship as a Service Provider. If an Optionee ceases to be a Service Provider, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for three (3) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(c) Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(d) Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant), by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, at the time of death, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. The Option may be exercised by the executor or administrator of the Optionee's estate or, if none, by the person(s) entitled to exercise the Option under the Optionee's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

(e) Buyout Provisions. The Administrator may at any time offer to
buy out for a payment in cash or Shares an Option previously granted based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

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(a) Rights to Purchase. Stock Purchase Rights may be issued either alone, in addition to, or in tandem with other awards granted under the Plan and/or cash awards made outside of the Plan. After the Administrator determines that it will offer Stock Purchase Rights under the Plan, it shall advise the offeree in writing or electronically, by means of a Notice of Grant, of the terms, conditions and restrictions related to the offer, including the number of Shares that the offeree shall be entitled to purchase, the price to be paid, and the time within which the offeree must accept such offer. The offer shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) Repurchase Option. Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the purchaser's service with the Company for any reason (including death or Disability). The purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original price paid by the purchaser and may be paid by cancellation of any indebtedness of the purchaser to the Company. The repurchase option shall lapse at a rate determined by the Administrator.

(c) Other Provisions. The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

(d) Rights as a Stockholder. Once the Stock Purchase Right is exercised, the purchaser shall have the rights equivalent to those of a stockholder, and shall be a stockholder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Stock Purchase Right is exercised, except as provided in Section 13 of the Plan.

12. Non-Transferability of Options and Stock Purchase Rights. Unless determined otherwise by the Administrator, an Option or Stock Purchase Right may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee. If the Administrator makes an Option or Stock Purchase Right transferable, such Option or Stock Purchase Right shall contain such additional terms and conditions as the Administrator deems appropriate.

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(a) First Option. Each Outside Director who becomes an Outside Director after the effective date of this Plan shall be automatically granted a Nonstatutory Stock Option to purchase 48,000 Shares (the "First Option") on the date of the first meeting of the Board at which that Outside Director participates as a Director (the "Initial Grant Date"), whether through election by the stockholders of the Company or appointment by the Board to fill a vacancy; provided, however, that an Inside Director who ceases to be an Inside Director but who remains a Director shall not receive a First Option.

(b) Subsequent Option. Each Outside Director shall be automatically granted a Nonstatutory Stock Option to purchase 12,000 Shares (a "Subsequent Option") each year on the anniversary of the Initial Grant Date or in the event an Outside Director did not receive a First Option, the date when such Director became an Outside Director.
(c) Terms of Options. The terms of First Options and Subsequent Options granted hereunder shall be as follows:

(A) the term of each Option shall be ten (10) years.

(B) the exercise price per Share shall be 100% of the Fair Market Value per Share on the date of grant.

(C) 1/48 of the Shares subject to Option shall vest at the end of each one-month period beginning with the month of the grant.

(D) the Option shall be exercisable only while the Outside Director remains an Outside Director, or within seven (7) months of the date the Outside Director ceases to serve as an Outside Director, except, in the case of death or disability, the Option shall remain exercisable as set forth in Sections 10(c) and (d) of the Plan.

(d) Subject to the provisions of Section 14 of the Plan, the aggregate number of Shares for which Options may be granted to all Directors may not exceed 20% of the total number of Shares for which Options may be granted under the Plan.

(e) The maximum number of Share for which Options may be granted to any one Director in any single calendar year shall not exceed five percent (5%) of the total number of Shares for which Options may be granted under the Plan.


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(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the number of shares of Common Stock covered by each outstanding Option and Stock Purchase Right, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options or Stock Purchase Rights have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option or Stock Purchase Right, as well as the price per share of Common Stock covered by each such outstanding Option or Stock Purchase Right, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Option or Stock Purchase Right.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option until ten (10) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option or Stock Purchase Right shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option or Stock Purchase Right will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Asset Sale. In the event of a merger of the Company with or into another corporation, or the sale of substantially all of the
assets of the Company, each outstanding Option and Stock Purchase Right shall be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option or Stock Purchase Right, the Optionee shall fully vest in and have the right to exercise the Option or Stock Purchase Right as to all of the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option or Stock Purchase Right becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Administrator shall notify the Optionee in writing or electronically that the Option or Stock Purchase Right shall be fully vested and exercisable for a period of thirty (30) days from the date of such notice, and the Option or Stock Purchase Right shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option or Stock Purchase Right shall be considered assumed if, following the merger or sale of assets, the option or right confers the right to purchase or receive, for each Share of Optioned Stock subject to the Option or Stock Purchase Right immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or Stock Purchase Right, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or sale of assets.

15. Date of Grant. The date of grant of an Option or Stock Purchase Right shall be, for all purposes, the date on which the Administrator makes the determination granting such Option or Stock Purchase Right, or such other later date as is determined by the Administrator. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of such grant.

16. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company shall obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

17. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option or Stock Purchase Right unless the exercise of such Option or Stock Purchase Right and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Option or Stock Purchase Right, the Company may require the person exercising such Option or Stock Purchase Right to represent and warrant at the time of any such exercise that the Shares are being purchased only for
investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

18. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

19. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

20. Stockholder Approval. The Plan shall be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted. Such stockholder approval shall be obtained in the manner and to the degree required under Applicable Laws.

1997 STOCK PLAN

STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

I. NOTICE OF STOCK OPTION GRANT

[Optionee's Name and Address]

You have been granted an option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number _________________________
Date of Grant _________________________
Vesting Commencement Date _________________________
Exercise Price per Share $_______________
Total Number of Shares Granted _________________________
Total Exercise Price $_______________
Type of Option: ___ Incentive Stock Option ___ Nonstatutory Stock Option

Term/Expiration Date _________________________
Vesting Schedule: _________________________

This Option may be exercised, in whole or in part, in accordance with the following schedule:

[25% of the Shares subject to the Option shall vest twelve months after the Vesting Commencement Date, and 1/48 of the Shares subject to the Option shall vest each month thereafter, subject to the Optionee continuing to be a Service Provider on such dates].

Termination Period: _________________________
This Option may be exercised for three months after Optionee ceases to be a Service Provider. Upon the death or Disability of the Optionee, this Option may be exercised for one year after Optionee ceases to be a Service Provider. In no event shall this Option be exercised later than the Term/Expiration Date as provided above.

II. AGREEMENT

1. Grant of Option. The Plan Administrator of the Company hereby grants to the Optionee named in the Notice of Grant attached as Part I of this Agreement (the "Optionee") an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per share set forth in the Notice of Grant (the "Exercise Price"), subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 16(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan shall prevail.

   If designated in the Notice of Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an Incentive Stock Option, to the extent that it exceeds the $100,000 rule of Code Section 422(d) it shall be treated as a Nonstatutory Stock Option ("NSO").

2. Exercise of Option.

   (a) Right to Exercise. This Option is exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Grant and the applicable provisions of the Plan and this Option Agreement.

   (b) Method of Exercise. This Option is exercisable by delivery of an exercise notice, in the form attached as Exhibit A (the "Exercise Notice"). If designated in the Notice of Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option under Section 422 of the Code. However, if this Option is intended to be an Incentive Stock Option, to the extent that it exceeds the $100,000 rule of Code Section 422(d) it shall be treated as a Nonstatutory Stock Option ("NSO").

3. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

   (a) cash; or
   (b) check; or
   (c) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan; or
   (d) surrender of other Shares which (i) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six (6) months on the date of surrender, AND (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares.

4. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution.
and may be exercised during the lifetime of Optionee only by the Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

5 Term of Option. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

6 Tax Consequences. Some of the federal tax consequences relating to this Option, as of the date of this Option, are set forth below. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE OPTIONEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES.

(a) Exercising the Option.

(i) Nonstatutory Stock Option. The Optionee may incur regular federal income tax liability upon exercise of a NSO. The Optionee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price. If the Optionee is an Employee or a former Employee, the Company will be required to withhold from his or her compensation or collect from Optionee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(ii) Incentive Stock Option. If this Option qualifies as an ISO, the Optionee will have no regular federal income tax liability upon its exercise, although the excess, if any, of the Fair Market Value of the Exercised Shares on the date of exercise over their aggregate Exercise Price will be treated as an adjustment to alternative minimum taxable income for federal tax purposes and may subject the Optionee to alternative minimum tax in the year of exercise. In the event that the Optionee ceases to be an Employee but remains a Service Provider, any Incentive Stock Option of the Optionee that remains unexercised shall cease to qualify as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option on the date three (3) months and one (1) day following such change of status.

(b) Disposition of Shares.

(i) NSO. If the Optionee holds NSO Shares for at least one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes.

(ii) ISO. If the Optionee holds ISO Shares for at least one year after exercise and two years after the grant date, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. If the Optionee disposes of ISO Shares within one year after exercise or two years after the grant date, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the excess, if any, of the lesser of (A) the difference between the Fair Market Value of the Shares acquired on the date of exercise and the aggregate Exercise Price, or (B) the difference between the sale price of such Shares and the aggregate Exercise Price. Any additional gain will be taxed as capital gain, short-term or long-term depending on the period that the ISO Shares were held.

(c) Notice of Disqualifying Disposition of ISO Shares. If the Optionee sells or otherwise disposes of any of the Shares acquired pursuant to an ISO on or before the later of (i) two years after the grant date, or (ii) one year after the exercise of the Optionee shall immediately notify the Company in writing of such disposition. The Optionee agrees that he or she may be subject to income tax withholding by the Company on the compensation income recognized from such early disposition of ISO Shares by payment in cash.
or out of the current earnings paid to the Optionee.

7 Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. This agreement is governed by the internal substantive laws, but not the choice of law rules, of California.

8 NO GUARANTEE OF CONTINUED SERVICE. OPTIONEE ACKNOWLEDGES AND AGREES

That the vesting of Shares pursuant to the Vesting Schedule hereof is earned only by continuing as a Service Provider at the will of the Company (and not through the act of being hired, being granted an Option or purchasing Shares hereunder). Optionee further acknowledges and agrees that this Agreement, the Transactions contemplated hereunder and the Vesting Schedule set forth herein do not constitute an express or implied promise of continued engagement as a Service Provider for the Vesting Period, for any period, or at all, and shall not interfere with Optionee's right or the Company's right to terminate Optionee's relationship as a Service Provider at any time, with or without cause.

By your signature and the signature of the Company's representative below, you and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Option Agreement. Optionee has reviewed the Plan and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement and fully understands all provisions of the Plan and Option Agreement. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and Option Agreement. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

OPTIONEE:                                XILINX, INC.

Signature                                By

Print Name                              Title

Residence Address

CONSENT OF SPOUSE

The undersigned spouse of Optionee has read and hereby approves the terms and conditions of the Plan and this Option Agreement. In consideration of the Company's granting his or her spouse the right to purchase Shares as set forth in the Plan and this Option Agreement, the undersigned hereby agrees to be irrevocably bound by the terms and conditions of the Plan and this Option Agreement and further agrees that any community property interest shall be similarly bound. The undersigned hereby appoints the undersigned's spouse as attorney-in-fact for the undersigned with respect to any amendment or exercise of rights under the Plan or this Option Agreement.

Spouse of Optionee

EXHIBIT A

1997 STOCK PLAN
EXERCISE NOTICE

Xilinx, Inc.
2100 Logic Drive
San Jose, CA  95124

Attention:  Secretary

1  Exercise of Option.  Effective as of today, ______________, 199__, the undersigned ("Purchaser") hereby elects to purchase ______________ shares (the "Shares") of the Common Stock of Xilinx, Inc. (the "Company") under and pursuant to the 1997 Stock Plan (the "Plan") and the Stock Option Agreement dated, 19___ (the "Option Agreement").  The purchase price for the Shares shall be $, as required by the Option Agreement.

2  Delivery of Payment.  Purchaser herewith delivers to the Company the full purchase price for the Shares.

3  Representations of Purchaser.  Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4  Rights as Stockholder.  Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option.  The Shares so acquired shall be issued to the Optionee as soon as practicable after exercise of the Option.  No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 13 of the Plan.

5  Tax Consultation.  Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares.  Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

6  Entire Agreement; Governing Law.  The Plan and Option Agreement are incorporated herein by reference.  This Agreement, the Plan and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser.  This agreement is governed by the internal substantive laws, but not the choice of law rules, of California.

Submitted by:
Accepted by:

PURCHASER:
XILINX, INC.

__________________________________       _____________________________________
Signature                                   By

__________________________________       _____________________________________
Print  Name                                 Its

Address:                                   Address:
April 1, 1997

Mr. Richard W. Sevcik

Dear Rich,

We are pleased to offer you a position with Xilinx, Inc. as Sr. Vice President and Executive Officer reporting to me. The salary for this position will be $29,167.00 per month (subject to annual focal review). You will receive a hire-on bonus of $150,000.00, less all applicable withholding and deductions, of which $75,000.00 will be paid with your first regular paycheck and the remaining $75,000.00 will be paid on April 1, 1998. Should you voluntarily resign your employment with Xilinx, Inc. for any reason within one year after the receipt of either check, you agree to return to Xilinx, Inc. a pro-rated portion of this bonus.

Your Management Incentive Bonus will be targeted at 50% of your base pay and will be based on meeting performance goals set by the Board of Directors. The first two Fiscal Year 1998 quarters will be guaranteed (April - September 1997).

In addition, you will be offered a nonstatutory stock option to acquire 300,000 shares of common stock of Xilinx at a price per share equivalent to the fair market value on the date of grant, which will be the same date as your date of hire. These options will vest at the rate of 25% at the completion of one year and 2.08% monthly for the remaining three (3) years, and vesting will start from the date of grant.

As an additional company paid benefit, Xilinx will provide you a three (3) million dollar Term Life Insurance Policy for a period of two (2) years following your commencement of employment with beneficiaries to be designated at your sole discretion.

Other benefits include, but are not limited to, four weeks' paid vacation from date of hire, group medical and dental insurance for you and your dependent(s) and Company paid life and long-term disability insurance for you.

In the event of a change in control due to the sale or merger of the Company within a two (2) year time period from your date of hire, and you are terminated by the Company without cause within one year of the change in control, you will be eligible for one year's base pay, one year's target bonus, one year's medical and dental insurance and one year of unvested stock options will be vested. Medical and dental coverage will be provided by the Company making premium payments pursuant to COBRA for 12 months. All other benefits including Company paid life insurance will terminate as of the date of your termination.

A "change in control" of the Company shall be deemed to have occurred if:

(a) any person or entity is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(b) there occurs a merger or consolidation of the Company with any other corporation, other than 1) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or 2) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person or entity acquires more than 50% or more of the combined voting power of the Company's then outstanding securities; or

(c) the Company sells or disposes of all or substantially all of the Company's assets.
Your employment with Xilinx is for no specific period of time. In the event your employment with Xilinx is terminated for any reason by Xilinx other than for cause within the first two years of employment by the Company, you will be eligible for the following:

(i.) one year's base pay
(ii.) one year's target bonus
(iii.) one year's medical and dental insurance provided by the Company making premium payments pursuant to COBRA for 12 months
(iv.) if your termination occurs prior to the first year anniversary of your employment, the Company will vest an additional 75,000 shares of your new hire stock options
(v.) if your termination occurs after the first anniversary of your employment, and prior to two years, the Company will vest any unvested shares of your new hire stock options that would have vested had you remained an employee for two full years from the commencement of your employment.

In the event you are terminated for cause or leave the Company voluntarily, you will not be eligible for any severance payments. For purposes of this offer, a termination for "cause" will be any termination due to willful misconduct, or the commission of any act which materially, adversely affects the Company.

Should any dispute arise regarding this offer of employment, we agree that we will arbitrate that dispute under such rules and procedures as we may agree, or failing to agree, under the rules and procedures of The American Arbitration Association.

This employment offer is contingent on you executing the enclosed Proprietary Information and Inventions Agreement and providing Xilinx, Inc. with the legally required proof of your identity and authorization to work in the United States. Such documentation must be provided to us within three (3) business days of your date of hire, or our employment relationship with you will be terminated.

Further, we have agreed that the terms and conditions contained in this letter, when accepted by you, will supersede and control any other terms or conditions of your employment.

Rich, if you accept our offer, please acknowledge so by signing and dating the enclosed copy of this letter and returning it to us as soon as possible.

We look forward to your joining Xilinx, Inc.

Sincerely,

/s/ Willem P. Roelandts
- --------------------------
Willem P. Roelandts
CEO and President

ACCEPTED:
DATE:

/s/ Richard W. Sevcik       April 10, 1997
- --------------------------
Richard W. Sevcik

Date of Hire: April 10, 1997
- --------------------------
XILINX, INC.

STATEMENT OF COMPUTATION OF NET INCOME PER SHARE
(in thousands, except per share amounts)

<table>
<thead>
<tr>
<th>Years Ended March 31,</th>
<th>1997</th>
<th>1996</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIMARY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average number of common shares outstanding</td>
<td>72,816</td>
<td>71,092</td>
<td>69,414</td>
</tr>
<tr>
<td>Incremental common shares attributable to outstanding options</td>
<td>6,859</td>
<td>7,863</td>
<td>4,695</td>
</tr>
<tr>
<td>Total shares</td>
<td>79,675</td>
<td>78,955</td>
<td>74,109</td>
</tr>
<tr>
<td>Net income</td>
<td>$110,376</td>
<td>$101,454</td>
<td>$59,278</td>
</tr>
<tr>
<td>Net income per share</td>
<td>$ 1.39</td>
<td>$ 1.28</td>
<td>$ 0.80</td>
</tr>
</tbody>
</table>

| FULLY DILUTED          |      |      |      |
| Weighted average number of common shares outstanding | 72,816 | 71,092 | 69,414 |
| Incremental common shares attributable to outstanding options | 7,129 | 8,146 | 5,124 |
| Total shares           | 79,945 | 79,238 | 74,538 |
| Net income             | $110,376 | $101,454 | $59,278 |
| Net income per share   | $ 1.38 | $ 1.28 | $ 0.80 |

Note: The convertible debt is not included in the calculation of fully diluted net income per share since their inclusion would have had an anti-dilutive effect.
XILINX, INC.
STATEMENT OF COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(in thousands, except ratios)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before taxes</td>
<td>$165,758</td>
<td>$170,902</td>
<td>$94,845</td>
<td>$67,436</td>
<td>$43,610</td>
</tr>
<tr>
<td>Add fixed charges</td>
<td>14,480</td>
<td>6,356</td>
<td>1,213</td>
<td>1,113</td>
<td>1,181</td>
</tr>
<tr>
<td>Earnings (as defined)</td>
<td>$180,238</td>
<td>$177,258</td>
<td>$96,058</td>
<td>$68,549</td>
<td>$44,791</td>
</tr>
<tr>
<td>Fixed charges</td>
<td>$14,480</td>
<td>$6,356</td>
<td>$1,213</td>
<td>$1,113</td>
<td>$1,181</td>
</tr>
<tr>
<td>Ratio of earnings to fixed charges</td>
<td>12.4</td>
<td>27.9</td>
<td>79.2</td>
<td>61.6</td>
<td>37.9</td>
</tr>
</tbody>
</table>
PLACE OF INCORPORATION

<table>
<thead>
<tr>
<th>NAME</th>
<th>ORGANIZATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xilinx, Ltd.</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Xilinx, KK</td>
<td>Japan</td>
</tr>
<tr>
<td>Xilinx Development Corporation</td>
<td>California</td>
</tr>
<tr>
<td>Xilinx, SARL</td>
<td>France</td>
</tr>
<tr>
<td>Xilinx, GmbH</td>
<td>Germany</td>
</tr>
<tr>
<td>Xilinx AB</td>
<td>Sweden</td>
</tr>
<tr>
<td>Xilinx Holding One, Ltd.</td>
<td>Ireland</td>
</tr>
<tr>
<td>Xilinx Holding Two, Ltd.</td>
<td>Ireland</td>
</tr>
<tr>
<td>Xilinx Holding Three, Ltd.</td>
<td>Cayman Islands</td>
</tr>
<tr>
<td>Xilinx, Ireland ULC</td>
<td>Ireland</td>
</tr>
<tr>
<td>NeoCAD, Inc.</td>
<td>Delaware</td>
</tr>
</tbody>
</table>
CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-80075, 33-83036, 33-52184 and 33-67808) pertaining to the 1988 Stock Option Plan and the 1990 Employee Qualified Stock Purchase Plan of Xilinx, Inc. and Registration Statement (Form S-3 No. 333-00054) filed in conjunction with the Company's issuance of convertible subordinated notes and in the related Prospectuses of our report dated April 23, 1997, with respect to the consolidated financial statements and schedule of Xilinx, Inc. included in this Annual Report (Form 10-K) for the year ended March 31, 1997.

/s/ Ernst & Young LLP

San Jose, California
June 18, 1997
EXHIBIT 25.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Willem P. Roelandts and Gordon M. Steel, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934 this Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ (Bernard V. Vonderschmitt)</td>
<td>Chairman of the board</td>
<td>June 18, 1997</td>
</tr>
<tr>
<td>/s/ Willem P. Roelandts</td>
<td>Chief Executive Officer, President (Principal Executive Officer) and Director</td>
<td>June 18, 1997</td>
</tr>
<tr>
<td>/s/ Gordon M. Steel</td>
<td>Senior Vice President of Finance and Chief Financial Officer (Principal Accounting and Financial Officer)</td>
<td>June 18, 1997</td>
</tr>
<tr>
<td>/s/ Philip T. Gianos</td>
<td>Director</td>
<td>June 18, 1997</td>
</tr>
<tr>
<td>/s/ John L. Doyle</td>
<td>Director</td>
<td>June 18, 1997</td>
</tr>
<tr>
<td>/s/ William G. Howard, Jr.</td>
<td>Director</td>
<td>June 18, 1997</td>
</tr>
</tbody>
</table>
SCHEDULE II - XILINX, INC.
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

<table>
<thead>
<tr>
<th>Description</th>
<th>Beginning of Year</th>
<th>Charged to Income</th>
<th>Deductions (a)</th>
<th>Balance at End of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the year ended March 31, 1995:</td>
<td>$3,852</td>
<td>$1,775</td>
<td>$764</td>
<td>$4,863</td>
</tr>
<tr>
<td>Allowance for doubtful accounts and customer returns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the year ended March 31, 1996:</td>
<td>$4,863</td>
<td>$5,296</td>
<td>$4,960</td>
<td>$5,199</td>
</tr>
<tr>
<td>Allowance for doubtful accounts and customer returns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For the year ended March 31, 1997:</td>
<td>$5,199</td>
<td>$7,991</td>
<td>$7,456</td>
<td>$5,734</td>
</tr>
<tr>
<td>Allowance for doubtful accounts and customer returns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<FN>
(a) Represents amounts written off against the allowance or pricing adjustments to international distributors.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>215,903</td>
</tr>
<tr>
<td>Securities</td>
<td>209,944</td>
</tr>
<tr>
<td>Receivables</td>
<td>77,982</td>
</tr>
<tr>
<td>Allowances</td>
<td>5,734</td>
</tr>
<tr>
<td>Inventory</td>
<td>62,367</td>
</tr>
<tr>
<td>Current Assets</td>
<td>601,555</td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>154,443</td>
</tr>
<tr>
<td>Depreciation</td>
<td>67,863</td>
</tr>
<tr>
<td>Total Assets</td>
<td>847,693</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>97,253</td>
</tr>
<tr>
<td>Bonds</td>
<td>250,000</td>
</tr>
<tr>
<td>Preferred-Mandatory</td>
<td>0</td>
</tr>
<tr>
<td>Preferred</td>
<td>0</td>
</tr>
<tr>
<td>Common</td>
<td>733</td>
</tr>
<tr>
<td>Other-SE</td>
<td>489,947</td>
</tr>
<tr>
<td>Total Liability</td>
<td>847,693</td>
</tr>
<tr>
<td>Sales</td>
<td>568,143</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>568,143</td>
</tr>
<tr>
<td>CGS</td>
<td>214,337</td>
</tr>
<tr>
<td>Total Costs</td>
<td>214,337</td>
</tr>
<tr>
<td>Other-Expenses</td>
<td>194,745</td>
</tr>
<tr>
<td>Loss-Provision</td>
<td>0</td>
</tr>
<tr>
<td>Interest-Expense</td>
<td>14,561</td>
</tr>
<tr>
<td>Income-Pretax</td>
<td>165,758</td>
</tr>
<tr>
<td>Income-Tax</td>
<td>55,382</td>
</tr>
<tr>
<td>Income-Continuing</td>
<td>110,376</td>
</tr>
<tr>
<td>Discontinued</td>
<td>0</td>
</tr>
<tr>
<td>Extraordinary</td>
<td>0</td>
</tr>
<tr>
<td>Changes</td>
<td>0</td>
</tr>
<tr>
<td>Net-Income</td>
<td>110,376</td>
</tr>
<tr>
<td>EPS-Primary</td>
<td>1.39</td>
</tr>
<tr>
<td>EPS-Diluted</td>
<td>1.38</td>
</tr>
</tbody>
</table>