UNITED STATES
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 28, 1998 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 the 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, 1998 as reported on the NASDAQ National Market was approximately $2,181,991,000. 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, 1998, the registrant had 72,490,000 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the Proxy Statement for the Registrant's 1998 Annual Meeting of Stockholders are incorporated by reference in this Form 10-K Report (Part III).

PART I

ITEM 1. BUSINESS

Items 1 and 3 of this 10-K contain forward-looking statements concerning the Company's development efforts, strategy, new product introductions, backlog and litigation. These statements involve numerous risks and uncertainties including those discussed throughout this document as well as under "Factors Affecting Future Operating Results" in Item 7.

GENERAL

Xilinx, Inc. (Xilinx or the Company) designs, develops and markets complete programmable logic solutions, including advanced integrated circuits (ICs), software design tools, predefined system functions delivered as cores of logic and field engineering support. The Company's programmable logic devices (PLDs) include field programmable gate arrays (FPGAs) and complex programmable logic devices (CPLDs). These components are standard ICs programmed by Xilinx's customers to perform desired logic operations. Xilinx also markets HardWire devices, which are specifically configured during the manufacturing process and 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 data processing, 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, competitive speed and acceptable pricing. In many of these applications where time to market is important, customer demand unpredictable and/or frequent design modifications are necessary to adapt a product to new markets, the flexibility achieved through the products' programmability features is instrumental. 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 equipment manufacturers to rapidly bring complex products to market in volume.

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, specifically configured 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 Xilinx proprietary software design tools together with industry standard electronic design automation (EDA) tools and predefined system functions delivered as cores of logic to design, develop and implement Xilinx programmable logic applications. Designers define the logic functions of the circuit and revise such functions as necessary. Programmable logic can often 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 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.

PRODUCTS

The timely introduction of new products which address customer requirements and compete effectively on the basis of price, functionality 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 PLD products include both FPGA and CPLD product lines. The FPGA products include the XC2000, XC3000 and XC3100 families, which represent first generation products, as well as the XC4000, XC4000X, XC5000 and Spartan families, which represent second generation products. The Company's XC4000 product family includes both the XC4000 and XC4000E. 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 aimed to meet the design requirements for ICs with high gate densities. The XC4000XL family is the industry's first 3.3 volt FPGA family manufactured on 0.35 micron technology. The family has 11 members shipping in volume ranging in density from 2,000 to 180,000 system gates. The XC4000XV utilizes 0.25 micron technology. The Company began sampling one device in the XC4000XV family during fiscal 1998.

The Company's two newest FPGA product families are the Spartan and Virtex product lines. The Spartan Series of FPGAs began revenue shipments in fiscal 1998 and is the Company's first product line that is price competitive with high volume application-specific integrated circuits (ASICs). Derived from the XC4000 architecture and spanning up to 40,000 system gates, the Spartan Series combines high performance, on-chip RAM, software cores, and lower prices.

The Virtex series of FPGAs presently features leading-edge 0.25 micron technology. Xilinx plans to deliver a 1,000,000 system-gate Virtex device by the end of fiscal 1999, with first sampling to begin in the same fiscal year. Virtex is intended to address the demand for higher density, higher performance products in the telecommunication, networking, and multimedia market segments. With the Virtex family, Xilinx will deliver its first fully programmable alternative to high density system-level ASIC design.

The two preceding paragraphs contain 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 Company's CPLD products include the XC7000 and XC9500 families. The XC9500 family utilizes a Flash-based CPLD architecture and offers in-system programmability. This family delivers high speeds, while giving the flexibility of an enhanced, customer-proven pin-locking architecture and direct interface to both 3.3 and 5 volt systems.

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 ASICs offer a low cost migration path from FPGAs for high volume applications. Once a programmable logic design is finalized, customers can take advantage of HardWire products, which are specifically configured during the manufacturing process. The Company's HardWire ASICs offer a complete turn-key conversion solution, which reduces the engineering and risk burden normally associated with conventional gate arrays. Each Hardwire ASIC is completely interchangeable with its FPGA counterpart and for each current Xilinx FPGA family, there is a corresponding HardWire ASIC;

except for the Spartan family, which would not benefit from HardWire conversion.

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.

Software design tools

Xilinx offers complete software design tool solutions, which enable the implementation of designs in Xilinx PLDs. These software design tools combine powerful technology with a flexible, easy to use graphical interface to help achieve the best possible designs within each customer's project schedule, regardless of the designer's experience level.

The Company offers two complementary software design tool solutions. The Foundation Series provides designers with a complete, ready-to-use design solution based on industry-standard hardware description languages (HDLs) and is easy to learn and use. For those customers new to designing with PLDs or desiring 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 thereby shortening their design cycle.

The Company also offers more than 75 pre-implemented, fully verified, drop-in cores of logic for commonly used complex functions such as digital signal processing (DSP), bus interfaces, processors and peripheral interfaces. Using logic cores, available from the Company and third party AllianceCORE partners, customers can shorten development time, reduce design risk and obtain superior performance for their designs. Additionally, the Company's CORE Generator, announced during the fourth quarter of fiscal 1998, is an easy to use tool that delivers parameter-based cores optimized for the Company's FPGAs and features an interface to third-party system level DSP design tools. The CORE Generator is shipped with the Company's software design tools.

Xilinx's software design tools operate on desktop computer platforms, including personal computers using Windows 95 and Windows NT and workstations from IBM, HP, DEC and Sun Microsystems. Through March 31, 1998, the Company had sold over 42,000 software 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 software design tools and cores of logic and ongoing cost reductions and performance improvements in existing products. The Company's recent primary areas of focus have been: to increase the Company's CPLD market share; to maintain density/performance leadership with its newest FPGA product lines, including the XC4000X, Spartan and Virtex families; to give its customers a low-cost migration path for high-volume applications with its specifically configured HardWire ASICs and to support all its product families with easy-to-use, fully automated software design tools and cores of logic. However, there can be no assurance that any of the Company's development efforts will be successful, timely or cost-effective.

Xilinx believes that software design tools and logic cores are important factors in expanding the use of programmable logic devices. The Company's research and development challenge is to continue to develop new products that create cost-effective solutions for customers. In fiscal 1998, 1997, and 1996, the Company's research and development expenses were $80.5 million, $71.1 million and $64.6 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 franchised domestic distributors, and sales through foreign

distributors. Xilinx also utilizes a direct sales management organization and 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. The Company's sales and customer support personnel support all channels and consult with customers about their plans, ensuring that the right software and devices are selected at the beginning of a customer's 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 certain customers. Since the Company's PLDs are standard products, they do not present many of the inventory risks to distributors as compared to custom gate arrays, and they simplify the requirements for distributor technical support.

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 distributor sells the product.

BACKLOG AND CUSTOMERS

As of March 28, 1998, the Company's backlog of purchase orders scheduled for delivery within the next three months was $97.2 million. Because of an overall slowdown in the semiconductor market and a widespread perception by customers that product is readily available, 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 29, 1997 was $84.4. Backlog amounts for both years include orders to distributors, which may receive price adjustments upon sale to end customers. Also, 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 1998 or 1997 or 6% in 1996. See Note 10 of Notes to Consolidated Financial Statements in Item 8 for Industry and Geographic Information.

WAFER FABRICATION

The Company does not manufacture the wafers used for its products. Over the last two years, the majority of wafers purchased 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 wafer foundry partners.

Xilinx's strategy is to focus its resources on creating new integrated circuits and software design tools and on market development rather than on wafer fabrication. The Company continuously evaluates opportunities to enhance foundry relationships and/or obtain additional capacity from both its main suppliers as well as other suppliers of leading-edge process technologies. As a result, the Company has entered into 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. (USIC). See Notes 4 and 6 of Notes to Consolidated Financial Statements in Item 8. The Company invested an additional $67.4 million in fiscal 1998 to bring the total cumulative investment to $101.7 million. The Company currently holds a 25% equity ownership and the right to receive 31.25% of the wafer capacity from this facility. Under the terms of the agreement, the Company may be required to make a third equity installment of up to an additional $30 million in the USIC joint venture if warranted based on the capital and operational requirements of the joint venture. UMC has committed to and is supplying the Company with wafers manufactured in existing facilities until capacity is available in the new facility.

In fiscal 1997, the Company signed an agreement with Seiko Epson. See Note 2

of Notes to Consolidated Financial Statements in Item 8. This agreement was amended in fiscal 1998 and provides for an advance to Seiko Epson of $150.0 million. In conjunction with the agreement, $60.0 million was paid in fiscal 1997 and an additional $90.0 million was paid in fiscal 1998. Repayment of this advance is in the form of wafer deliveries, which began during the fourth quarter of fiscal 1998. Specific wafer pricing is in US dollars and is 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.

SORT, ASSEMBLY AND TEST

Wafers purchased by the Company are sorted by the wafer foundry, independent sort subcontractors or by the Company. Sorted wafers are assembled by subcontractors 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 28, 1998, the Company held over 200 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 11 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 software design tools. In addition, the Company has licensed certain software for internal use in product design.

EMPLOYEES

Xilinx's employee population has grown by 9% during the past year. As of March 28, 1998, Xilinx had 1,391 employees compared to 1,277 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 believes it has good relations with its employees.

COMPETITION

The Company's FPGAs and CPLDs 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 software design tools, functionality of predefined cores of logic and the ability to provide timely customer service and support. The Company's strategy for expansion in the programmable logic market includes continued introduction of new product architectures, which address high volume, low cost applications as well as high performance, leading-edge density applications and continued price reductions proportionate with the ability to lower the cost of manufacture for established products. 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 several elements: the manufacturers of custom CMOS gate arrays, providers of high density programmable logic products characterized by FPGA-type architectures, providers of high speed, low density CPLDs devices and other providers of new or emerging 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 PLD production costs. The Company competes with high density programmable logic suppliers on the basis of performance, the ability to deliver complete solutions to customers, voltage 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. Competition among CPLD suppliers is based primarily on price, performance, design, software utility and the ability to deliver complete solutions to customers. In addition, the Company competes with manufacturers of new or emerging programmable logic products on the basis of price, performance, customer support, software utility and the ability to deliver complete solutions to customers. Some of the Company's current or potential competitors have substantially greater financial, manufacturing, marketing and technical resources than Xilinx. 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 benefits of programmable logic have attracted a number of companies to this market, competing primarily on the basis of speed, performance, design, price, software utility or cost. Xilinx recognizes that different applications require different programmable technologies, and the Company is developing architectures, processes and products to meet these varying customer needs. Recognizing the increasing importance of standard software solutions, Xilinx has developed common software design tools that supports the full range of integrated circuit products. Xilinx believes that automation and ease of design are 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.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

Name	Age	Position	Officer Since
Willem P. Roelandts	53	President and Chief Executive Officer	1996
R. Scott Brown	57	Senior Vice President, Worldwide Sales	1985
Robert C. Hinckley	50	Vice President, Strategic Plans and Programs	1991
Richard W. Sevcik	50	Senior Vice President and General Manager, Software	1997
Gordon M. Steel	53	Senior Vice President, Finance and Chief Financial Officer	1987

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 to the additional position as President of the Company. Prior to joining the Company, he served at Hewlett-Packard Company, a computer manufacturer, as Senior Vice President and General Manager of Computer Systems Organizations from August 1992 through January 1996 and as Vice President and General Manager of the Network Systems Group from December 1990 through August 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. Mr. Brown has announced that he plans to retire from the Company. A retirement date has not been determined.

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.

Richard W. Sevcik joined the Company in April 1997 as Senior Vice President and General Manager, Software. He was at Hewlett-Packard Company for 10 years where, from 1994 through 1996, he served as Group General Manager of the company's Systems Technology Group and oversaw five divisions involved with product development for 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.

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. Mr. Steel has announced that he plans to retire from the Company. A retirement date has not been determined.

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. The Company has also entered into an agreement whereby an 180,000 square foot facility is being constructed on property adjacent to the Company's corporate facilities. The Company will have the option to purchase the building after an initial lease term. See Note 6 of Notes to Consolidated Financial Statements in Item 8.

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. Additionally, the Company purchased a 59-acre parcel of land located in Longmont, Colorado, near the Company's current Boulder, Colorado facility. Plans for infrastructure and the future development of the new property have not been finalized.

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 nine international sales offices located in the metropolitan areas of London, Munich, Paris, Stockholm, Milan, 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 have been completed in both cases, which have been consolidated. In October 1997, the Court held a hearing with respect to construction of the claims of the various patents in suit.

On April 20, 1995, Altera filed an additional suit against the Company in

Federal District Court in Delaware alleging that the Company's XC5200 family infringes an Altera patent. The Company answered the Delaware suit denying that the XC5200 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. Discovery has not begun.

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.

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 System under the symbol XLNX. As of March 31, 1998, there were approximately 650 shareholders of record. Since many holders' shares are listed under their brokerage firms' names, the actual number of shareholders is estimated by the Company to be over 29,000.

	Fiscal Year 1998		Fiscal Year 1997	
	High	Low	High	Low
First Quarter	$57.50	$45.25	$37.88	$29.88
Second Quarter	56.38	45.19	39.75	26.63
Third Quarter	51.25	29.69	44.50	31.63
Fourth Quarter	46.63	34.06	50.88	36.00

ITEM 6. SELECTED FINANCIAL DATA

CONSOLIDATED STATEMENT OF INCOME DATA

(In thousands except per share amounts)	Years ended March 31,				
	1998	1997	1996	1995	1994
Net revenues	$613,593	$568,143	$560,802	$355,130	$256,448
Operating income	173,868	159,061 *	165,756 +	92,048 &	65,168
Income before taxes and joint venture	180,596	165,758 *	170,902 +	94,845 &	67,436
Provision for income taxes	56,728	55,382	69,448	35,567	26,157
Net income	126,587	110,376 *	101,454 +	59,278 &	41,279

Net income per share:					
Basic	1.72	1.52 *	1.43 +	0.85 &	0.61
Diluted	$ 1.58	$ 1.39 *	$ 1.28 +	$ 0.80 &	$ 0.57
Shares used in per share calculations:					
Basic	73,741	72,816	71,092	69,414	67,963
Diluted	80,010	79,675	78,955	74,109	72,237

<FN>

* After write-off of discontinued product family of $5 million, $0.05 per basic share and $0.04 per diluted share net of tax.
+ After non-recurring charge for in-process technology related to the acquisition of NeoCAD of $19,366, $0.27 per basic share and $0.25 per diluted share.
& After non-recurring charge for the write-off of a minority investment of $2,500, $0.02 per basic and diluted shares net of tax.

CONSOLIDATED BALANCE SHEET DATA

(In thousands)	Years ended March 31,				
	1998	1997	1996	1995	1994
Working capital	$474,567	$504,302	$436,070	$180,064	$143,103
Total assets	941,238	847,693	720,880	320,940	226,156
Long-term debt	250,000	250,000	250,000	867	2,195
Stockholders' equity	550,175	490,680	368,244	243,971	172,878

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. Certain of these risks and uncertainties are discussed under "Factors Affecting Future Operating 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 complete programmable logic solutions, including advanced integrated circuits (ICs), software design tools, predefined system functions delivered as cores of logic and field engineering support. The Company's programmable logic ICs include field programmable gate arrays (FPGAs) and complex programmable logic devices (CPLDs). These components are standard ICs programmed by Xilinx's customers to perform desired logic operations. 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 data processing, 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 franchised 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

REVENUE

(In thousands)	1998	Change	1997	Change	1996
Revenues	$613,593	8.0%	$568,143	1.3%	$560,802

The Company's 8.0% revenue increase in 1998 was primarily attributable to the revenue growth of the XC4000X product family, which includes the XC4000EX and XC4000XL devices, as well as revenue growth from the XC5200 and XC9500 product families. The revenue growth from these products was offset by decreased revenues from the Company's first generation products, including the Company's XC3000 product family and the Company's XC4000 family, a mature second generation product line. New products, which include the XC4000X, Spartan and XC9500 families, contributed nearly $70 million in revenue in fiscal 1998 compared to approximately $7 million in fiscal 1997. Despite the significant growth in new product revenues, fiscal 1998 revenues increased only 8.0% over fiscal 1997 as revenues were impacted by an overall slowdown in the semiconductor market, increased price competition, inventory reductions at end customers and a general economic downturn in the Asia Pacific region. Fiscal 1997 revenues, as compared to fiscal 1996, were significantly impacted by price competition as well as a semiconductor industry inventory correction, which reduced customer demand.

Revenue contribution by programmable logic product line reflected a mix between increased customer demand for low cost, medium range density programmable logic devices (PLDs) 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 91.0% of aggregate revenues in 1997 to a record 94.1% in 1998. Deriving revenues from leading-edge programmable logic solutions has been emphasized by the Company. The Company's corporate pricing strategy aims to expand the market for its products by reducing sales prices proportional to cost reductions achieved in the manufacturing of these products. The Company intends to continue to actively pursue a strategy of broadening the markets it serves through the enhancement of software design tools, availability of pre-defined cores of logic, 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 25.5% of total revenues in fiscal 1998, as compared to 32.2% in fiscal 1997. The Company's second generation products, including the XC4000, XC4000X and XC5200 families, represented 58.3% of total revenues in fiscal 1998, as compared to 53.2% in fiscal 1997. Combined revenues from the Company's XC4000 and XC4000X product lines represented 49.0% of total revenues in fiscal 1998 compared to 46.5% in fiscal 1997, a dollar increase of 13.7% to $300.7 million. Revenues from other programmable logic products, which include the XC7000 and XC9500 CPLD families, HardWire and serial proms, increased from 11.6% to 13.5% of total revenues in fiscal 1998 as compared to the prior year, mostly due to the increased revenue from the XC9500 family. Revenue from the XC9500 family increased from $2.3 million in 1997 to $13.9 million in 1998. No single end customer accounted for more than 5% of revenues in fiscal years 1998 or 1997 or 6% of revenues in 1996.

During fiscal 1998, the Company's total PLD unit sales increased 28%, as compared to fiscal 1997.The average selling price for the highest volume PLD products decreased over 30% from fiscal 1997 prices while individual products within certain families experienced price decreases in excess of 50% during the year. The Company believes that price decreases are instrumental in expanding market share to the extent that the Company can maintain acceptable returns. Price erosion 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 software design tools are used by the Company's customers to implement designs in the Company's programmable logic devices. Cumulative licenses for proprietary software design tools sold to customers through the

end of 1998 totaled approximately 42,000 units, as compared to approximately 30,000 and 24,000 units at the end of 1997 and 1996, respectively. The increase in software revenue seats resulted primarily from increased demand for the Company's lower cost, easier to use Foundation Series software introduced in fiscal 1997. Software revenues decreased from $17.1 million in both fiscal 1996 and 1997 to $16.5 million in fiscal 1998. Although software seats increased, software revenue decreased 3.4% due to the change in the sales mix towards lower priced products as well as price reductions for specific products. Software sales as a percentage of total revenues represented approximately 3% of revenues in all years presented.

International revenues represented approximately 38%, 36% and 35% of total revenues for 1998, 1997 and 1996, respectively. International revenues are derived from customers in Europe, Japan and Asia Pacific/Rest of World which represented approximately 23%, 10% and 5% of the Company's worldwide sales, respectively, in fiscal 1998. Revenue growth in Europe and Asia Pacific/Rest of World over the past year was 11.9% and 26.6%, respectively. Revenues from Japan were adversely impacted by the weakening yen, as yen denominated revenues increased approximately 16% year-to-year but grew approximately 6% when translated into US dollars at the then prevailing exchange rates.

GROSS MARGIN

(In thousands)	1998	Change	1997	Change	1996
Gross margin	$382,903	9.8%*	$348,806*	(2.5%)	$357,610
Percentage of revenue	62.4%		61.4%*		63.8%

<FN>

* Includes write-off of discontinued product family of $5 million. Gross margin as a percentage of revenues was 62.3% excluding this charge.

The gross margin percentage remained consistent from fiscal 1997 to 1998, excluding the impact of a $5.0 million write-off of the discontinued product family, as the selling price reductions were offset by the favorable impact of lower wafer prices from wafer suppliers, manufacturing process technology improvements, the impact of the strengthened US dollar exchange rate against the yen, and improved yields. The increase in the cost of revenues as a percentage of revenues in 1997 as compared to 1996 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 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 gross margin objectives in the range of 60% to 62% of revenues are 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 $5.0 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

(In thousands)	1998	Change	1997	Change	1996

Research and development	$80,456	13.2%	$71,075	10.0%	$64,600
Percentage of revenue	13.1%		12.5%		11.5%

The Company continued to increase the amount spent on research and development, as it has done in each year of its fourteen-year history. During fiscal 1998, the increase in research and development expenses was primarily attributable to the increased costs associated with designing and developing new product architectures of complex, high density devices as well as labor-related expenses. The increase in research and development expenses from fiscal 1996 to 1997 was 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, 1998, the Company has received more than 200 US patents and maintains an active program of filing for additional patents in the areas of software, IC architecture and design. As of March 31, 1998, research and development personnel were split approximately 45% for software development and 55% for IC design and process development. Xilinx has not capitalized any of the costs associated with its software development.

MARKETING, GENERAL AND ADMINISTRATIVE

(In thousands)	1998	Change	1997	Change	1996
Marketing, general and administrative	$128,579	8.4%	$118,670	10.0%	$107,888
Percentage of revenue	21.0%		20.9%		19.2%

The 8.4% increase in marketing, general and administrative expenses in fiscal 1998 was primarily attributable to increases in headcount and related employee expenses and to a lessor extent an increase in legal expenses. Sales and support expenses have increased each year due to increasing personnel and labor costs and greater commission expenses associated with higher revenues. Sales and support expenses increased in fiscal 1997 over 1996 due to increased personnel and labor costs and increased commissions due to changes in the revenue channel mix. 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.

OPERATING INCOME

(In thousands)	1998	Change	1997	Change	1996
Operating income, as reported	$173,868	9.3%	$159,061	(4.0%)	$165,756
Percentage of revenue	28.3%		28.0%		29.6%
Operating income before write-off and non-recurring charge	$173,868	6.0%	$164,061	(11.4%)	$185,122
Percentage of revenue	28.3%		28.9%		33.0%

The decrease in operating income as a percentage of revenues in 1998 from

1997, before consideration of the write-off, is primarily a result of the 8.0% revenue growth in 1998 in comparison to a 13.2% increase year-to-year in research and development spending, and an 8.4% increase in marketing, general and administrative spending. The decrease in operating income in fiscal 1997 from 1996 was primarily a result of the 1.3% revenue growth in 1997 in comparison to 10% increases year-to-year in both 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 discussed throughout this document, particularly those noted in "Factors Affecting Future Operating Results".

INTEREST AND OTHER, NET

(In thousands)	1998	Change	1997	Change	1996
Interest income and other	$6,728	0.5%	$6,697	30.1%	$5,146
Percentage of revenue	1.1%		1.2%		0.9%

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 incurs interest expense on the $250 million 5 1/4% convertible subordinated notes issued in November 1995. The Company's investment portfolio contains tax-advantaged municipal securities, which have pretax yields that 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.

Interest and other income for 1998 remained consistent with the amount in 1997. In 1998, average cash and investment balances and average interest rates remained fairly consistent with the prior year, resulting in comparable net interest and other income over both years. The increase in interest income in fiscal 1997 over the prior year was primarily attributable to higher investment portfolio balances and joint venture equity income. As a result of the difference in interest income and expense yields and future uses of the Company's investment portfolio, levels of net interest and other income could decrease in the future.

PROVISION FOR INCOME TAXES

(In thousands)	1998	Change	1997	Change	1996
Provision for taxes on income	$56,728	2.4%	$55,382	(20.3%)*	$69,448*
Effective tax rate	31.4%		33.4%		40.6%*

<FN>

* Includes non-recurring write-off of in-process technology relating to the acquisition of NeoCAD. Excluding the write-off of in-process technology, in fiscal 1996 the Company's effective tax rate was 36.5%.

The tax rate for fiscal 1998 as compared to fiscal 1997, as well as the tax rate for fiscal 1997 as compared to fiscal 1996, 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 that the US rate.

JOINT VENTURE EQUITY INCOME

The Company records its 25% proportional ownership of the net income of United Silicon Inc. (USIC), a wafer fabrication joint venture located in Taiwan, as joint venture equity income. To date, USIC's net income has resulted

primarily from favorable foreign currency exchange gains as well as interest earned on its investment portfolio. Through the second quarter of fiscal 1998, equity income was immaterial and remains classified in "Interest income and other". The Company expects to incur joint venture equity losses during most of fiscal 1999 as the USIC wafer fabrication facility begins to ramp up production. Many of the expenses associated with full foundry operation will be incurred in the early stages of limited production, and the Company expects that profitability of the joint venture will occur, if at all, only after a sufficient volume of wafer production is obtained.

INFLATION

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's financial condition at March 31, 1998 remained strong. Total current assets exceeded total current liabilities by 4.8 times, compared to 6.2 times at March 31, 1997. 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.

CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Xilinx's cash, cash equivalents and short-term investments decreased by $63.7 million in 1998 as cash was used to fund investing and financing activities. Cash, cash equivalents and short-term investments represented 38.5% of total assets at March 31, 1998. The Company generated cash flow of $218.4 million from operating activities in 1998, offset by $200.8 million of cash used for investing activities and $66.6 million used in financing activities. Investing activities during fiscal 1998 included expenditures for property, plant and equipment together with a deposit for a facility under construction on the San Jose corporate campus, an additional investment in the USIC joint venture and additional advances to Seiko Epson for wafer purchases. Investment proceeds were received from the net maturity of short-term investments. Financing activities during 1998 included $93.8 million to acquire treasury stock offset by $27.2 million in proceeds from sales of common stock under employee option and stock purchase plans.

RECEIVABLES

Receivables decreased 15.7% from $72.2 million at the end of 1997 to $60.9 million at the end of 1998. In addition, days sales outstanding at the end of each year decreased from 43 days in 1997 to 36 days in 1998. In fiscal 1998 receivables decreased as the Company increased collection efforts relating to international sales as well as increased allowances for pricing adjustments and customer returns.

INVENTORIES

Inventories decreased 11.3% from $62.4 million at March 1997 to $55.3 million at March 1998. Inventory levels at March 31, 1998 represent 86 days of inventory, which is in line with the Company's objective of 70 to 90 days, compared to 96 days at March 31, 1997. Inventory levels decreased during fiscal 1998 as both architecture and manufacturing process technology improvements have permitted continued cost reductions as well as continued improvement of inventory management. 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 architecture and 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

In fiscal 1997, the Company signed an agreement with Seiko Epson, a primary wafer supplier. This agreement was amended in fiscal 1998 and now provides

for an advance to Seiko Epson of $150.0 million. In conjunction with the agreement, $60.0 million was paid in fiscal 1997 and an additional $90.0 million was paid in fiscal 1998. Repayment of this advance is in the form of wafer deliveries, which began during the fourth quarter of fiscal 1998. Specific wafer pricing is 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.

PROPERTY, PLANT AND EQUIPMENT

During 1998, Xilinx invested $29.7 million in property and equipment, as compared to $26.8 million in 1997. During 1998, the Company purchased land in Longmont, Colorado for approximately $7 million and continued to invest in software development tools and semiconductor design, test and manufacturing equipment at each of its manufacturing locations.

CURRENT LIABILITIES

Current liabilities increased from $97.3 million in fiscal 1997 to $125.7 million at the end of 1998. The increase was primarily attributable to an increase in deferred income on shipments to distributors due to increased sales through distribution as well as distributor demand for new product lines.

LONG-TERM DEBT AND LINES OF CREDIT

In November 1995, the Company issued $250 million in convertible subordinated notes. The Company has credit line facilities for up to $46.2 million of which $6.2 million is intended to meet occasional working capital requirements for the Company's Ireland manufacturing facility. At March 31, 1998 and 1997, no borrowings were outstanding under the lines of credit. See Note 5 of Notes to Consolidated Financial Statements.

STOCKHOLDERS' EQUITY

Stockholders' equity grew by 12.1% in 1998 to $550.2 million. The increase of $59.5 million was primarily attributable to $126.6 million in net income and $43.3 million related to the issuance of common stock and the tax benefit from stock options, partially offset by the $93.8 million used to acquire treasury stock. Subsequent to March 31, 1998, the Company began an additional treasury stock program to purchase up to approximately 3 million shares as market and business conditions warrant. Stockholders' equity as a percentage of total assets was 58.5% for 1998 and 57.9% for 1997.

COMMITMENTS

The Company invested an additional $67.4 million in the USIC joint venture in fiscal 1998 to bring the total investment in USIC at the end of fiscal 1998 to $101.7 million. The Company currently holds a 25% equity ownership in USIC and the right to receive 31.25% of the wafer capacity from this facility. Under the terms of the agreement entered into between the Company and USIC, the Company may be required to make a third equity installment of up to an additional $30.0 million in the joint venture during fiscal 1999, if warranted based on the capital and operational requirements of the joint venture. United Microelectronics Corporation (UMC) has committed to and is supplying the Company with wafers manufactured in an existing facility until capacity is available in the USIC facility. The Company is accounting for this investment using the equity method. See further discussion in Notes 4 and 6 of Notes to Consolidated Financial Statements. As the US dollar increased in value relative to the New Taiwan dollar during fiscal 1998, adjustments were made to the carrying value of the investment of approximately $17 million since its inception. Offsetting amounts were recorded to the cumulative translation adjustment account within stockholders' equity.

EMPLOYEES

During 1998, Xilinx experienced a 9% increase in the number of its employees. The Company had 1,391 employees at the end of fiscal 1998 as compared to 1,277 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.

FACTORS AFFECTING FUTURE OPERATING RESULTS

The semiconductor industry is characterized by rapid technological change, intense competitive pressure and cyclical market patterns characterized by diminished product demand, limited visibility to demand for products further out than three to nine months, accelerated erosion of average selling prices and overcapacity. 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 sufficient quantities of a given product in a timely manner, 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 much less reliable predictors 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 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, software 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 and operations outside of the United States subject the Company to risks associated with conducting business in foreign economic and regulatory environments. The Company's financial condition and results of operations could be adversely impacted by unfavorable economic conditions in countries in which it does significant business and by changes in foreign currency exchange rates affecting those countries. Specifically, the Company has sales and operations in the Asian markets. The recent instability in the Asian financial markets has adversely impacted sales and may continue to adversely impact sales in those markets in several ways, including reduced access to sources of capital needed by customers to make purchases and increased exchange rate differentials that may adversely effect the customer's ability to purchase or the Company's ability to sell at competitive prices. In addition, the instability may increase credit risks as the recent weakening of certain Asian currencies may impair customers' ability to repay existing obligations. Depending on the situation in Asia in coming quarters, any or all of these factors could adversely impact the Company's financial condition and results of operations in the near future.

Additionally, risks include government regulation of exports, tariffs and other potential trade barriers, reduced protection for intellectual property rights in some countries, 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.

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 manufacture or 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.

DEPENDENCE UPON INDEPENDENT MANUFACTURERS AND SUBCONTRACTORS

The Company does not manufacture the wafers used for its products. During the past two years, most of the Company's wafers have been manufactured by Seiko Epson Corporation (Seiko Epson) and UMC. The Company has depended upon these suppliers and others to produce wafers with competitive performance and cost attributes, including transitioning to advanced manufacturing 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 manufacturing process technologies. Additionally, disruption of operations at these foundries for any reason, including natural disasters such as fires or earthquakes as well as disrupted access to adequate supplies of electricity, natural gas or water would cause delays in shipments of the Company's products, and could have a material adverse effect on the Company's results of operations. 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 and subcontractors, or any other circumstance that would require the Company to seek alternative sources of supply, could delay shipments, and have a material adverse effect on the Company's financial condition and results of operations.

The Company's growth will depend in large part on the Company's ability to obtain increased wafer fabrication capacity and assembly services from suppliers which are cost effective. 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. In addition, 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. Such events could have a material adverse affect on the Company's financial condition and results of operations.

LITIGATION

The Company is currently engaged in patent litigation with Altera Corporation (Altera). See Note 11 of Notes to Consolidated Financial Statements. 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.

DEPENDENCE ON NEW PRODUCTS

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, functionality 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 manufacturing process technologies, achievement of acceptable yields, availability of supporting software design tools, utilization of predefined cores of logic 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 some of the Company's mature products are expected to continue to decline in the future as a percentage of total revenues. As a result, the Company will be increasingly dependent on revenues derived from newer 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 materially adversely affected.

COMPETITION

The Company's field programmable gate arrays (FPGAs) and complex programmable logic devices (CPLDs) 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 software design tools, functionality of predefined cores of logic and the ability to provide timely customer service and support. The Company's strategy for expansion in the programmable logic market includes continued introduction of new product architectures which address high volume, low cost applications as well as high performance, leading edge density applications and continued price reductions proportionate with the ability to lower the cost of manufacture for established products. 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 several elements: the manufacturers of custom CMOS gate arrays, providers of high density programmable logic products characterized by FPGA-type architectures, providers of high speed, low density CPLDs devices and other providers of new or emerging 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 PLD production costs. The Company competes with high density programmable logic suppliers on the basis of performance, the ability to deliver complete solutions to customers, voltage 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. Competition among CPLD suppliers is based primarily on price, performance, design, software utility and the ability to deliver complete solutions to customers. In addition, the Company competes with manufacturers of new or emerging programmable logic products on the basis of price, performance, customer support, software utility and the ability to deliver complete solutions to customers. Some of the Company's current or

potential competitors have substantially greater financial, manufacturing, marketing and technical resources than Xilinx. 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.

INTELLECTUAL PROPERTY

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 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.

YEAR 2000 COMPLIANCE

As is the case with most other companies using computers in their operations, the Company is currently working to resolve the potential impact of the year 2000 on the processing of date-sensitive information by the Company's computerized information systems, as well as the vendor and customer date-sensitive computerized information electronically transferred to the Company. The year 2000 issue is the result of computer programs being written using two digits, rather than four, to define the applicable year. Any of the Company's systems that have time-sensitive software may recognize the year "00" as 1900 rather than the year 2000, which could result in miscalculations, classification errors or system failures. Based on preliminary information, costs of addressing potential problems are not currently expected to have a material adverse impact on the Company's financial position, results of operations or cash flows in future periods. However, if the Company, its customers or vendors are unable to resolve such processing issues on a timely basis, the Company's financial condition and results of operations could be adversely affected. Accordingly, the Company plans to devote the necessary resources to resolve all significant year 2000 issues in a timely manner.

MARKET RATE RISKS

Interest Rate Risk - The Company's exposure to interest rate risk relates primarily to the Company's investment portfolio and long-term debt obligations. See Note 5 of Notes to Consolidated Financial Statements. The Company's primary aim with its investment portfolio is to invest available cash while preserving principal and meeting liquidity needs. The portfolio includes tax-advantaged municipal bonds, tax-advantaged auction rate preferred municipal bonds, corporate bonds, and US Treasury securities. In accordance with the Company's investment policy, the Company places investments with high credit quality issuers and limits the amount of credit exposure to any one issuer. These securities are subject to interest rate risk and will decrease in value if market interest rates increase. All securities have remaining maturities less than one year as of the balance sheet date, and the Company believes it has the ability to hold its investments until maturity. Therefore, the Company does not expect to recognize an adverse impact on income or cash flows, although there can be no assurance of this.

The Company is also subject to interest rate risk related to outstanding long-term debt. If long-term market interest rates decrease, the effective cost of the debt will increase. In order to mitigate the interest rate risks, the long-term debt fixed interest rate liability has been matched against the Company's short-term variable interest rate assets through a liability interest rate swap agreement. The liability swap exchanges one half of the underlying debt amount based on a fixed interest rate for the same amount based on variable interest rates. If interest rates rise by 10%, the cash flow impact of the swap would continue to be immaterial and would be offset by the increase in short-term investment interest rates. This contract was entered into for a two and a half-year period and will end in November 1998. As the long-term debt may be outstanding until November 2002, the Company will continue to evaluate its strategy related to the fixed rate debt.

The table below summarizes the Company's investment, debt and interest rate swap notional amounts as of March 31, 1998 as well as weighted average interest rates by year of maturity for the next four years and thereafter. The fair value as of March 31, 1998 is also shown.

(In thousands)	Maturity Date					Fair Value March 31,
	1999	2000	2001	2002	Total	1998
ASSETS						
Available-for-sale securities	$ 340,415	-	-	-	$ 340,415	$ 340,585
Average pre-tax interest rate	3.87%					
Held-to-maturity securities	$ 36,271	-	-	-	$ 36,271	$ 36,266
Average interest rate	5.09%					
LIABILITIES						
Convertible long-term debt	-	-	-	$ 250,000	$ 250,000	$ 255,000
Average interest rate	5.25%	5.25%	5.25%	5.25%		
INTEREST RATE DERIVATIVE FINANCIAL INSTRUMENTS						
Interest rate swap						
Pay variable/receive fixed	$ 125,000	-	-	-	$ 125,000	$ 170
Average pay rate	USD 3 month Libor					
Average receive rate	5.94%					

Foreign currency risk - Through fiscal year 1998, the Company's purchases of processed silicon wafers from Japanese foundries have been denominated in yen. To help offset the Company's exposure for yen denominated liabilities, the Company's sales to Japanese customers through fiscal 1998 have also been denominated in yen. The Company has periodically hedged its net exposure to fluctuations in the yen-to-US dollar exchange rates through the use of forward exchange or option contracts. However, beginning in fiscal 1999, most wafers purchased from Japanese suppliers will be denominated in US dollars. The Company also intends to begin invoicing Japanese customers in US dollars during the second half of fiscal 1999. For a period of time, wafers will be purchased in US dollars and invoicing to Japanese customers will continue to be in yen, resulting in a yen exposure. However, after invoicing begins in US dollars, the Company believes that its net yen exposure relating to fluctuations in the yen-to-US dollar exchange rate should decline, although there can be no assurance that this will be the case. As a result, the Company plans to adjust its future hedging strategy. In addition, the Company entered into foreign exchange forward contracts in fiscal 1997 to minimize the impact of future exchange fluctuations relating to its fiscal 1998 investment in the USIC joint venture, which was denominated in New Taiwan dollars. No currency forward or option contracts were outstanding as of March 31, 1998.

The Company has several subsidiaries and an equity investment in the USIC joint venture whose financial statements are recorded in currencies other than the US dollar. As these foreign currency financial statements are translated at each month end during consolidation, fluctuations of exchange rates between the foreign currency and the US dollar increase or decrease the value of those investments. If permanent changes occur in exchange rates after an investment is made, the investment's value will increase or decrease accordingly. These fluctuations are recorded as a separate component of stockholders' equity as cumulative translation adjustments. To date, the USIC joint venture has recorded approximately $17 million as cumulative translation adjustments, as the New Taiwan dollar has decreased in value against the US dollar. Also, as the Company's subsidiaries and the USIC joint venture maintain investments denominated in other than local currencies, exchange rate fluctuations will occur. USIC's net income to date has resulted largely from favorable foreign currency exchange gains on its US dollar denominated investments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME

(In thousands except per share amounts)	Years ended March 31, 1998	1997	1996
Net revenues	$613,593	$568,143	$560,802
Costs and expenses:			
Cost of revenues	230,690	214,337	203,192
Write-off of discontinued product family	-	5,000	-
Research and development	80,456	71,075	64,600
Marketing, general and administrative	128,579	118,670	107,888
Non-recurring charges	-	-	19,366
Total operating costs and expenses	439,725	409,082	395,046
Operating income	173,868	159,061	165,756
Interest income and other	20,652	21,258	10,791
Interest expense	(13,924)	(14,561)	(5,645)
Income before provision for taxes on income and equity in joint venture	180,596	165,758	170,902
Provision for taxes on income	56,728	55,382	69,448
Income before equity in joint venture	123,868	110,376	101,454
Equity in net income of joint venture	2,719	-	-
Net income	$126,587	$110,376	$101,454
Net income per share:			
Basic	$ 1.72	$ 1.52	$ 1.43
Diluted	$ 1.58	$ 1.39	$ 1.28
Shares used in per share calculations:			
Basic	73,741	72,816	71,092
Diluted	80,010	79,675	78,955

<FN>

See accompanying notes.

CONSOLIDATED BALANCE SHEETS

(In thousands except per share amounts)	March 31, 1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$166,861	$215,903
Short-term investments	195,326	209,944
Accounts receivable, net of allowances for doubtful accounts, pricing adjustments and customer returns of $8,408 and $5,734 in 1998 and 1997, respectively	60,912	72,248
Inventories	55,289	62,367

Deferred income taxes	38,694	36,420
Advances for wafer purchases	72,267	-
Other current assets	10,875	4,673
Total current assets	600,224	601,555
Property, plant and equipment, at cost:		
Land	10,361	3,111
Building	27,414	26,840
Machinery and equipment	114,955	114,525
Furniture and fixtures	10,902	9,967
	163,632	154,443
Accumulated depreciation and amortization	(75,356)	(67,863)
Net property, plant and equipment	88,276	86,580
Restricted investments	36,271	36,257
Investment in joint venture	90,872	35,286
Advances for wafer purchases	77,342	60,000
Developed technology and other assets	48,253	28,015
	$941,238	$847,693
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 20,332	$ 16,758
Accrued payroll and payroll related liabilities	15,318	13,769
Interest payable	5,399	5,364
Income tax payable	16,692	10,858
Deferred income on shipments to distributors	55,898	36,355
Other accrued liabilities	12,018	14,149
Total current liabilities	125,657	97,253
Long-term debt	250,000	250,000
Deferred tax liabilities	15,406	9,760
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000 shares authorized; none issued and outstanding	-	-
Common stock, $.01 par value; 300,000 shares authorized; 74,363 and 73,383 shares issued; 72,913 and 73,342 shares outstanding at March 31, 1998 and 1997, respectively	729	733
Additional paid-in capital	119,070	114,447
Retained earnings	504,468	377,881
Unrealized gain on available-for-sale securities, net of tax	102	83
Treasury stock, at cost	(56,973)	(1,847)
Cumulative translation adjustment	(17,221)	(617)
Total stockholders' equity	550,175	490,680
	$941,238	$847,693

<FN>

See accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

	Years ended March 31,		
	1998	1997	1996
Increase (decrease) in Cash and Cash Equivalents			
Cash flows from operating activities:			
Net income	$126,587	$110,376	$101,454
Adjustments to reconcile net income to net cash provided by operating activities:			
Write-off of in-process technology	-	-	19,366
Depreciation and amortization	32,709	27,997	22,464
Undistributed earnings of joint venture	(3,747)	(1,336)	-
Changes in assets and liabilities net of effects of NeoCAD acquisition:			

Accounts receivable	11,336	7,280	(34,777)
Inventories, excluding receipts against advances for wafer purchases	7,469	(14,095)	19,375
Deferred income taxes and other	15,644	14,134	(783)
Accounts payable, accrued liabilities and income taxes payable	8,861	(3,193)	7,408
Deferred income on shipments to distributors	19,543	(1,213)	15,755
Total adjustments net of effects of NeoCAD acquisition	91,815	29,574	48,808
Net cash provided by operating activities	218,402	139,950	150,262
Cash flows from investing activities:			
Purchases of short-term available-for-sale investments	(337,500)	(247,022)	(292,013)
Proceeds from sale or maturity of short-term available-for-sale investments	352,149	303,604	92,333
Purchases of restricted held-to-maturity investments	(72,281)	(72,227)	(96,141)
Proceeds from maturity of restricted held-to-maturity investments	72,267	72,189	72,555
Advances for wafer purchases	(90,000)	(60,000)	-
Acquisition of NeoCAD, net of cash acquired	-	-	(33,412)
Property, plant and equipment	(29,700)	(26,803)	(60,506)
Investment in joint venture	(67,422)	-	(34,316)
Deposit on building	(28,351)	-	-
Other	-	-	(1,235)
Net cash used in investing activities	(200,838)	(30,259)	(352,735)
Cash flows from financing activities:			
Net proceeds from issuance of long-term debt	-	-	243,901
Acquisition of treasury stock	(93,795)	(32,028)	-
Principal payments on capital lease obligations	-	(977)	(1,389)
Proceeds from issuance of common stock	27,189	28,324	14,151
Net cash (used)/provided by financing activities	(66,606)	(4,681)	256,663
Net (decrease)/increase in cash and cash equivalents	(49,042)	105,010	54,190
Cash and cash equivalents at beginning of period	215,903	110,893	56,703
Cash and cash equivalents at end of period	$ 166,861	$ 215,903	$ 110,893
Schedule of non-cash transactions:			
Tax benefit from stock options	$ 16,099	$ 16,730	$ 7,907
Issuance of treasury stock under employee stock plans	38,669	30,181	8,223
Receipts against advances for wafer purchases	391	9,034	32,966
Supplemental disclosures of cash flow information:			
Interest paid	13,008	13,309	201
Income taxes paid	$ 39,472	$ 34,426	$ 74,688

<FN>

See accompanying notes.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Three years ended March 31, 1998

(In thousands)	Common Stock Outstanding Shares	Amount	Additional Paid-in Capital	Retained Earnings	Unrealized Gain/(Loss) On Available-For-Sale Securities	Treasury Stock	Cumulative Translation Adjustment	Total Stockholders' Equity
BALANCE AT MARCH 31, 1995	71,658	$ 717	$ 85,755	$166,051	$ (329)	$ (8,223)	$ -	$ 243,971
Issuance of common shares under employee stock plans	275	2	2,070	-	-	-	-	2,072
Issuance of treasury stock under employee stock plans	-	-	3,856	-	-	8,223	-	12,079
Tax benefit from exercise of stock options	-	-	7,907	-	-	-	-	7,907
Unrealized gain on available-for-sale securities, net of tax	-	-	-	-	761	-	-	761
Net income	-	-	-	101,454	-	-	-	101,454
BALANCE AT MARCH 31, 1996	71,933	719	99,588	267,505	432	-	-	368,244
Issuance of common shares under employee stock plans	2,287	14	28,310	-	-	-	-	28,324
Acquisition of treasury stock	(878)	-	-	-	-	(32,028)	-	(32,028)
Issuance of treasury stock under employee stock plans	-	-	(30,181)	-	-	30,181	-	-
Tax benefit from exercise of stock options	-	-	16,730	-	-	-	-	16,730
Unrealized loss on available-for-sale securities, net of tax	-	-	-	-	(349)	-	-	(349)
Cumulative translation adjustment	-	-	-	-	-	-	(617)	(617)
Net income	-	-	-	110,376	-	-	-	110,376
BALANCE AT MARCH 31, 1997	73,342	733	114,447	377,881	83	(1,847)	(617)	490,680

Issuance of common shares under employee stock plans	1,901	(4)	27,193	-	-	-	-	27,189
Acquisition of treasury stock	(2,330)	-	-	-	-	(93,795)	-	(93,795)
Issuance of treasury stock under employee stock plans	-	-	(38,669)	-	-	38,669	-	-
Tax benefit from exercise of stock options	-	-	16,099	-	-	-	-	16,099
Unrealized gain on available-for-sale securities, net of tax	-	-	-	-	19	-	-	19
Cumulative translation adjustment	-	-	-	-	-	-	(16,604)	(16,604)
Net income	-	-	-	126,587	-	-	-	126,587
BALANCE AT MARCH 31, 1998	72,913	$ 729	$119,070	$504,468	$ 102	$ (56,973)	$(17,221)	$550,175

<FN>

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF OPERATIONS

Xilinx designs, develops and markets complete programmable logic solutions, including advanced integrated circuits, software design tools, predefined system functions delivered as cores of logic and field engineering support. 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 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. Certain amounts from the prior year have been reclassified to conform to the current year presentation. Reclassifications had no effect on previously reported statements of financial position or results of operations.

Cash equivalents and investments

Cash and cash equivalents consist 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, tax-advantaged auction rate preferred municipal bonds and corporate bonds with maturities greater than 90 days but less than one year from the balance sheet date. Restricted investments consist of US Treasury Securities held as collateral relating to leases for the Company's facilities. See Note 6 of Notes to Consolidated Financial Statements. The Company invests its cash, cash equivalents and short-term investments through 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, although classification is generally not changed. 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, 1998 and 1997:

(In thousands)	1998	1997
Raw materials	$ 5,976	$ 4,952
Work-in-progress	24,845	30,898
Finished goods	24,468	26,517
	$55,289	$62,367

Advances for wafer purchases

In fiscal 1997, the Company signed an agreement with Seiko Epson, a primary wafer supplier. This agreement was amended in fiscal 1998 and now provides for an advance to Seiko Epson of $150.0 million. In conjunction with the agreement, $60.0 million was paid in fiscal 1997 and an additional $90.0 million was paid in fiscal 1998. Repayment of this advance is in the form of wafer deliveries, which began during the fourth quarter of fiscal 1998. Specific wafer pricing is in US dollars and is 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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation for financial reporting purposes is computed 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 distributor sells the product.

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 and the USIC joint venture. Assets and liabilities are translated at month-end exchange rates, and statements of operations 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.

Derivative financial instruments

As part of its ongoing asset and liability management activities, the Company

periodically enters into certain derivative financial arrangements to reduce financial market risks. These instruments are used to hedge foreign currency, equity and interest rate market exposures of underlying assets and liabilities. The Company does not enter into derivative financial instruments for trading purposes.

The Company periodically enters into currency forward or option contracts to minimize foreign exchange risk relating to the Company's wafer purchases that are denominated in yen. 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. The Company also periodically enters into foreign exchange forward contracts to minimize the impact of future exchange fluctuations in foreign currency firm commitments. A forward foreign exchange contract obligates the Company to exchange predetermined amounts of specified foreign currencies at specified exchange rates on specified dates or to make an equivalent US dollar payment equal to the value of such exchange. These contracts are accounted for as hedges of an identifiable foreign currency commitment. Realized gains or losses are recognized upon maturity of the contracts and offset the underlying asset or liability.

The Company has entered into an interest rate swap agreement in order to mitigate the interest rate risks whereby the long-term debt fixed interest rate liability is matched against the Company's short-term variable interest rate assets. The liability interest rate swap agreement involves the exchange of fixed interest rate payments for variable interest rate payments over the life of the agreement without an exchange of the notional amount. The differential to be paid or received as the variable interest rate changes is accrued and recognized as interest expense. The related amounts payable or receivable from the third party is included in other liabilities or assets. The fair value of the swap agreement and changes in the fair value as a result of changes in market interest rates are not material. 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." In addition the Company discloses pro forma information related to its stock plans according to Financial Accounting Standards Board's Statement No. 123, "Accounting for Stock-Based Compensation" (FASB 123). See Note 8 of Notes to Consolidated Financial Statements.

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 net revenues and expenses during the reporting period. Such estimates relate to the useful lives of fixed assets and intangible assets, allowances for doubtful accounts, pricing adjustments, customer returns, inventory reserves, potential reserves relating to litigation matters as well as other accruals or reserves. Actual results may differ from those estimates, and such differences may be material to the financial statements.

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130 (FASB 130), "Reporting Comprehensive Income". FASB 130 establishes standards for the reporting and disclosure of comprehensive income and its components in a full set of general-purpose financial statements. Comprehensive income is defined as the change in equity (net assets) during the period from non-owner sources. The Company is required to adopt FASB 130 in fiscal 1999. Reclassification of financial statements for earlier periods provided for comparative purposes is required. The adoption of FASB 130 will have no impact on the Company's consolidated results of operations, financial position or cash flows.

Also in June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131 (FASB 131), "Disclosures about Segments of an Enterprise and Related Information". FASB 131 revises previous standards related to the way public companies report information about operating segments in annual financial statements and requires that those

companies report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. The Company is required to adopt FASB 131 in fiscal 1999. The adoption of FASB 131 will have no impact on the Company's consolidated results of operations, financial position or cash flows.

Concentrations of credit risk

The Company attempts to mitigate the concentration of credit risk in its trade receivables with respect to the high-technology industry with the Company's credit evaluation process, relatively short collection terms, distributor agreements, sales among various end-user applications throughout the high-technology market 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 sufficient quantities of a given product in a timely manner, the timely implementation of new manufacturing process 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. Based on the factors noted herein, the Company may experience substantial period-to-period fluctuations in future operating results.

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 $35.0 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), the assembled workforce ($0.7 million), and developed technology ($15.7 million). The amount of in-process technology was written-off as a non-recurring item during fiscal 1996. The assembled workforce asset was amortized over two years and was completed in fiscal year 1997. The developed technology asset is being amortized over six years, $2.6 million of which was recorded as amortization in fiscal 1998, for cumulative amortization to date of $7.8 million.

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. (USIC). The Company invested an additional $67.4 million in USIC during fiscal 1998 to bring the total cumulative investment to $101.7 million. The Company currently holds a 25% equity ownership and the right to receive 31.25% of the wafer capacity from this facility. UMC has committed to and is supplying the Company with wafers manufactured in an existing facility until capacity is available in the USIC facility. The Company is accounting for this investment using the equity method. To date, USIC's net income has resulted primarily from favorable foreign currency exchange gains as well as interest earned on its investment portfolio. Through the second quarter of fiscal 1998, equity income was immaterial and remained classified in "Interest income and other". 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:

(In thousands)	March 31, 1998 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	March 31, 1997 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Money market funds	$ 13,614	$ -	$ -	$ 13,614	$ 23,864	$ -	$ -	$ 23,864
Auction rate preferred	30,292	12	(2)	30,302	17,297	5	(1)	17,301
Municipal bonds	296,509	189	(29)	296,669	378,848	165	(31)	378,982
	$ 340,415	$ 201	$ (31)	$ 340,585	$ 420,009	$ 170	$ (32)	$ 420,147
Included in short-term investments				$ 195,326				$ 209,944
Included in cash and cash equivalents				145,259				210,203
				$ 340,585				$ 420,147

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 of $36.3 million at March 31, 1998 and March 31, 1997, represent investments in US Treasury Securities for which amortized cost approximates estimated fair value. 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

In fiscal 1997, the Company entered into foreign exchange forward contracts to minimize the impact of future exchange fluctuations on the US dollar cost of investing in the USIC joint venture. The contracts required the Company to exchange US dollars for New Taiwan dollars and matured within one year. The contracts were accounted for as a hedge of an identifiable foreign currency commitment. Realized losses, which were immaterial, were recognized upon maturity of the contracts in fiscal 1998 and included in the USIC joint venture investment.

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 long-term debt 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 fair value of the interest rate swap is immaterial based on market exchange rates.

At March 31, 1998, no commitments under foreign currency forward or option contracts were outstanding.

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. As of 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. However, 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 1998, the Company recorded debt issuance cost amortization of $0.9 million. At March 31, 1998, the fair value of the convertible subordinated notes was approximately $255 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 syndicated bank revolving credit line agreement, which expires in March 2001. Under this agreement, borrowings bear interest at the prime rate or 0.625% over the Libor rate. Additionally, the Company's Ireland manufacturing facility has an additional $6.2 million available under a multicurrency credit line, which expires in November 1999. Under this agreement, borrowings bear interest at the bank's prime rate. At March 31, 1998, no borrowings were outstanding under any credit lines. The Company is in full compliance with the agreement's required covenants and 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 certain 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)
1999	$ 4,150
2000	3,268
2001	332
2002	188
2003	118
Thereafter	655
	$ 8,711

Rent expense was approximately $4.5 million for the years ended March 31, 1998 and 1997 and approximately $4.3 million for the year ended March 31, 1996.

The Company has entered into lease agreements relating to certain 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, 1998, 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.

During fiscal 1998, the Company entered into an agreement for a facility to be built on property adjacent to the Company's corporate facilities. Building construction is expected to be completed in fiscal 1999. Upon signing the lease agreement, the Company paid the lessor $31.3 million for prepaid rent and an option to purchase the facility. The rent prepayment covers one year and was discounted to its present value. Additionally, the Company can exercise the lease agreement's purchase option between the sixth and twelfth month following the commencement date of the lease term. If the Company

elects to exercise the option, the prepaid purchase option will be considered payment in full. However, if the Company decides not to exercise the purchase option, the prepaid option will be returned without interest at the end of the first year of the lease.

Under the terms of the agreement entered into between the Company and USIC, the Company may be required to make a third equity installment of up to an additional $30 million in the USIC joint venture, if warranted based on the capital and operational requirements of the joint venture.

NOTE 7. NET INCOME PER SHARE

During the quarter ended December 27, 1997, the Company adopted the Financial Accounting Standards Board's Statement No. 128 (FASB 128), "Earnings per Share". The new standard required the Company to change the method used to compute net income per share and to restate all prior periods. The new requirement includes a calculation of "basic" net income per share, which excludes the dilutive effect of stock options. Basic net income per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. In computing diluted net income per share, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options. 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 computation of basic net income per share for all years presented is derived from the information on the face of the income statement, and there are no reconciling items in either the numerator or denominator. Additionally, there are no reconciling items in the numerator used to compute diluted net income per share. The total shares used in the denominator of the diluted net income per share calculation includes 6,269,000, 6,859,000 and 7,863,000 incremental common shares attributable to outstanding options for fiscal years 1998, 1997 and 1996, respectively.

The shares issuable upon conversion of long-term debt to equity, approximately 4.9 million shares, were not included in the calculation of diluted net income per share as their inclusion would have had an anti-dilutive effect for all periods presented. In addition, outstanding options to purchase approximately 1.9 million, 1.0 million and 0.6 million shares, for the fiscal years 1998, 1997 and 1996, respectively, under the Company's Stock Option Plan were not included in the treasury stock calculation to derive diluted income per share as their inclusion would have had an anti-dilutive effect.

NOTE 8. STOCKHOLDERS' EQUITY

The Company's Certificate of Incorporation provides for 300 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 were purchased in the open market from time to time as market and business conditions warranted. This program was completed in November 1997. In December 1997 an additional program was authorized to buyback up to an additional 2 million shares. The Company has reissued treasury shares repurchased in response to Employee Stock Option exercises and Employee Qualified Stock Purchase Plan requirements. During fiscal 1998 and 1997, the Company repurchased a total of 2,330,000 and 877,500 shares of common stock for $93.8 million and $32.0 million, respectively. In fiscal 1998 and 1997, 921,000 and 837,000 shares were reissued, respectively. As a result, the Company was holding 1,449,500 treasury stock shares at March 31, 1998.

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 $.01 per

right and expire on October 4, 2001.

Employee Stock Option Plan

Under existing stock option plans (Option Plan), options reserved for future issuance to employees and directors of the Company total 18,410,000 shares. 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 vest at varying rates over four or five years.

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

Years ended March 31,	1998		1997		1996	
	Shares (000)	Weighted Average Exercise Price	Shares (000)	Weighted Average Exercise Price	Shares (000)	Weighted Average Exercise Price
Outstanding at beginning of year	13,708	$ 20.54	13,888	$ 16.78	11,452	$ 10.81
Granted	2,979	47.82	2,597	33.52	3,971	30.95
Exercised	(1,540)	10.73	(1,752)	10.58	(1,169)	6.22
Forfeited	(622)	31.76	(1,025)	19.49	(366)	17.18
Outstanding at end of year	14,525	$ 26.70	13,708	$ 20.54	13,888	$ 16.78
Shares available for grant	3,885		2,992		1,264	

The following table summarizes information relating to options outstanding and exercisable under the Option Plan at March 31, 1998:

	Options Outstanding			Options Exercisable	
		Weighted Average			
Range of Exercise Prices	Options Outstanding (000)	Remaining Contractual Life (Years)	Weighted Average Exercise Price	Options Exercisable (000)	Weighted Average Exercise Price
0.12 - $12.96	2,025	3.93	$ 6.86	1,949	$ 6.66
12.96 - $15.58	2,361	5.62	13.23	1,785	13.25
15.58 - $22.88	2,707	6.70	18.92	1,371	18.71
23.33 - $33.63	3,107	7.87	31.19	1,069	30.62
33.75 - $56.88	4,325	8.83	44.98	943	43.72
0.12 - $56.88	14,525	7.02	$ 26.70	7,117	$ 19.14

At March 31, 1997, 5.7 million options were exercisable.

Employee Qualified Stock Purchase Plan

Under the Company's 1990 Employee Qualified Stock Purchase Plan (Stock Purchase Plan), qualified employees can elect to have up to 15 percent of their annual earnings withheld, up to a maximum of $21,250, 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. Under this plan, 361,359 and 535,360 shares were issued during 1998 and 1997,

respectively, and 815,331 shares were available for issuance at March 31, 1998.

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 stock options and stock purchase plan rights under the Option Plan and Stock Purchase Plan was estimated as of the grant date using the Black-Scholes option pricing model. The Black-Scholes model was originally developed for use in estimating the fair value of traded options and requires the input of highly subjective assumptions including expected stock price volatility. The Company's stock options and stock purchase plan rights have characteristics significantly different from those of traded options, and changes in the subjective input assumptions can materially affect the fair value estimate. The fair value of stock options and stock purchase plan rights granted in fiscal years 1998, 1997 and 1996 was estimated at the date of grant assuming no expected dividends and the following weighted average assumptions.

	Stock Options			Stock Purchase Plan Rights		
Years ended March 31,	1998	1997	1996	1998	1997	1996
Expected Life (years)	3	4	4	.5	.5	.5
Expected Stock Price Volatility	.62	.56	.56	.65	.56	.68
Risk-Free Interest Rate	6.0%	6.3%	6.0%	5.5%	5.4%	5.6%

For purposes of pro forma disclosures, the estimated fair value of stock-based awards is amortized against pro forma net income over the stock-based awards' 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 $95.6 million, $87.4 million and $86.2 million in 1998, 1997 and 1996, respectively. Basic net income per share would have been $1.30, $1.20 and $1.21 in 1998, 1997 and 1996, respectively, while diluted net income per share would have been $1.25, $1.12 and $1.10, respectively.

Calculated under FASB 123, the weighted-average fair value of the stock options granted during 1998, 1997 and 1996 was $21.38, $15.91 and $14.41 per share, respectively. The weighted-average fair value of stock purchase rights granted under the Stock Purchase Plan during 1998, 1997 and 1996 were $14.50, $14.47 and $16.68 per share, respectively.

NOTE 9. INCOME TAXES

The provision for taxes on income consists of:

(In thousands)		Years ended March 31, 1998	1997	1996
Federal:	Current	$45,808	$40,901	$64,917
	Deferred	(3,880)	(200)	(7,004)
		41,928	40,701	57,913

State:	Current	9,285	12,073	10,343
	Deferred	(311)	(1,483)	(363)
		8,974	10,590	9,980
Foreign:	Current	5,826	4,091	1,555
Total		$56,728	$55,382	$69,448

The tax benefits associated with the disqualifying dispositions of stock options or employee stock purchase plan shares reduce taxes currently payable by $16.1 million, $16.7 million, and $7.9 million for 1998, 1997, and 1996, respectively. Such benefits are credited to additional paid-in capital when realized. Pretax income from foreign operations was $55.5 million, $36.1 million and $11.5 million for fiscal years 1998, 1997 and 1996, respectively. 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 $32.9 million as of March 31, 1998. The residual US tax liability, if such amounts were remitted, would be approximately $8.2 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:

(In thousands)	Years ended March 31, 1998	1997	1996
Income before provision for taxes	$180,596	$165,758	$170,902
Federal statutory tax rate	35%	35%	35%
Computed expected tax	$ 63,209	$ 58,016	$ 59,816
State taxes net of federal benefit	5,833	6,884	6,487
Tax exempt interest	(4,003)	(3,278)	(2,552)
Write-off of NeoCAD in-process technology	-	-	7,069
Foreign earnings at lower tax rates	(4,586)	(2,478)	(1,057)
Research and development tax credit	(3,007)	(2,522)	-
Other	(718)	(1,240)	(315)
Provision for taxes on income	$ 56,728	$ 55,382	$ 69,448

The major components of deferred tax assets and liabilities consist of the following:

(In thousands)	Years ended March 31, 1998	1997	1996
Deferred tax assets:			
Inventory valuation differences	$ 7,846	$12,471	$ 3,887
Deferred income on shipments to distributors	23,431	15,808	15,917
Nondeductible accrued expenses	6,904	7,568	7,778
Other	326	3,156	2,773
Total	38,507	39,003	30,355
Deferred tax liabilities:			

Depreciation and amortization	763	(4,026)	(3,082)
Unremitted foreign earnings	(16,032)	(7,601)	(1,876)
Other	(137)	(716)	(264)
Total net deferred tax assets	$ 23,101	$26,660	$25,133

NOTE 10. 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 software design tools.

Geographic information for fiscal years 1998, 1997 and 1996 is presented in the tables below. Intercompany activity has been eliminated from amounts shown.

(In thousands)	1998			1997			1996		
	Net Revenues	Income Before Taxes	Identifiable Assets	Net Revenues	Income Before Taxes	Identifiable Assets	Net Revenues	Income Before Taxes	Identifiable Assets
United States	$449,053	$109,182	$833,701	$432,009	$115,800	$779,626	$482,615	$157,872	$650,979
Europe	164,540	71,052	106,543	136,134	49,680	66,893	78,187	12,854	68,861
Other	-	362	994	-	278	1,174	-	176	1,040
	$613,593	$180,596	$941,238	$568,143	$165,758	$847,693	$560,802	$170,902	$720,880

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

(In thousands)	Years ended March 31,		
	1998	1997	1996
US exports to Europe	$41,961	$40,804	$ 70,124
US exports to Japan	26,137	26,496	50,957
US exports to Southeast Asia/Rest of World	15,013	10,676	18,288
	$83,111	$77,976	$139,369

No single end customer accounted for more than 5% of revenues in 1998 or 1997 or 6% of revenues in 1996. Approximately 14%, 15% and 13% of net product revenues were made through the Company's largest domestic distributor in 1998, 1997 and 1996, respectively. A second domestic distributor accounted for approximately 11% of net product revenues in fiscal 1998 and a third distributor accounted for approximately 10% of net product revenues in 1996.

NOTE 11. 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 and expert discovery have been completed in both cases, which have been consolidated. In October 1997, the Court held a hearing with respect to construction of the claims of the various patents in suit.

On April 20, 1995, Altera filed an additional suit against the Company in Federal District Court in Delaware alleging that the Company's XC5200 family infringes an Altera patent. The Company answered the Delaware suit denying that the XC5200 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. Discovery has not begun.

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 12. 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.

SCHEDULE II - XILINX, INC.
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Beginning of Year	Charged to Income	Deductions (a)	Balance at End of Year
For the year ended March 31, 1996:				
Allowances for doubtful accounts, pricing adjustments and customer returns	$4,863	$5,296	$4,960	$5,199
For the year ended March 31, 1997:				
Allowances for doubtful accounts, pricing adjustments and customer returns	$5,199	$7,991	$7,456	$5,734
For the year ended March 31, 1998:				
Allowance for doubtful accounts, pricing adjustments and customer returns	$5,734	$5,637	$2,963	$8,408

<FN>

(a) Represents amounts written off against the allowance, customer returns or pricing adjustments to international distributors.

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, 1998 and 1997, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 1998. Our audits also included the financial statement schedule listed in the Index at Item 14(a). 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, 1998 and 1997, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 1998, 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 22, 1998

SUPPLEMENTARY FINANCIAL DATA

QUARTERLY DATA (UNAUDITED)

	Year Ended March 31, 1998			
(In thousands except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$160,761	$150,272	$148,735	$153,825
Gross margin	99,855	94,224	93,067	95,757
Operating income	47,251	43,048	41,071	42,498
Net income	33,444	30,950	31,600	30,593
Net income per share:				
Basic	0.46	0.42	0.43	0.42
Diluted	$ 0.41	$ 0.38	$ 0.40	$ 0.39
Shares used in per share calculations:				
Basic	73,495	73,921	74,196	73,350
Diluted	81,326	81,416	79,248	78,053

QUARTERLY DATA (UNAUDITED)

	Year Ended March 31, 1997			
(In thousands except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenues	$150,200	$130,579	$135,587	$151,777
Gross margin	96,875	74,921*	83,431	93,579

Operating income	49,490	29,464*	36,903	43,204
Net income	32,492	21,218*	26,223	30,443
Net income per share:				
Basic	0.45	0.29*	0.36	0.42
Diluted	$ 0.41	$ 0.27*	$ 0.33	$ 0.38
Shares used in per share calculations:				
Basic	72,176	72,853	72,931	73,305
Diluted	78,944	79,378	79,791	80,586

<FN>

*After write-off of discontinued product family of $5 million, $0.05 per basic share and $0.04 per diluted share net of tax.

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

Not applicable.

PART III

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

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 Item 8 of this annual report.

(2) The Financial Statement Schedule required by Item 14 (a) is filed as Item 8 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.

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

(b) Reports on Form 8-K. No reports on Form 8-K were filed during the fourth quarter of fiscal 1998.

(c) Exhibits.

Exhibit Number	Description
3.1 (1)	Restated Certificate of Incorporation of the Company, as amended to date.
3.2 (2)	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 (4)	Lease dated March 27, 1995 for adjacent facilities at 2055 Logic Drive and 2065 Logic Drive, San Jose, California.
10.2 (4)	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.
10.3 (5)	Lease dated October 8, 1997 for an additional facility on Logic Drive, San Jose, California.
10.4.1 (6)	Agreement of Purchase and Sale of Land in Longmont Colorado, dated November 24, 1997.
10.4.2 (6)	First Amendment to Agreement of Purchase and Sale of Land in Longmont Colorado, dated January 15, 1998.
10.5 (2)	1988 Stock Option Plan, as amended.
10.6 (2)	1990 Employee Qualified Stock Purchase Plan, as amended.
10.7 (7)	1997 Stock Option Plan
10.8 (2)	Form of Indemnification Agreement between the Company and its officers and directors.
10.9 (8)	Letter Agreement dated as of January 22, 1996 of the Company to Willem P. Roelandts.
10.10 (8)	Separation Agreement dated as of April 8, 1996 between the Company and Curtis Wozniak.
10.11.1 (8)	Consulting Agreement dated as of June 1, 1996 between the Company and Bernard V. Vonderschmitt.
10.11.2 (6)	Amended Services and Compensation Exhibit to the Consulting Agreement dated as of June 1, 1996 between the Company and Bernard Vonderschmitt.
10.11.3 (6)	Second Amendment to the Consulting Agreement dated as of June 1, 1996 between the Company and Bernard Vonderschmitt.
10.12 (7)	Letter Agreement dated as of April 1, 1997 of the Company to Richard W. Sevcik.
10.13 (2)	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.
10.14 (2)	Common Stock Purchase Agreement dated March 19, 1990 between the Company and Advanced Micro Devices, Inc.
10.15 (9) (10)	Patent Cross License Agreement dated as of April 22, 1993 between the Company and Actel Corporation.
10.16.1 (11)	Agreement and Plan of Reorganization dated as of March 29, 1995, among Registrant, NeoCAD, Inc. and XNX Acquisition Corporation.
10.16.2 (11)	Certificate of Merger filed on April 10, 1995 between NeoCAD, Inc. and XNX Acquisition Corporation.
10.17.1 (10) (12)	Foundry Venture Agreement dated as of September 14, 1995 between the Company and United Microelectronics Corporation (UMC).
10.17.2 (10) (12)	Fabven Foundry Capacity Agreement dated as of September 14, 1995 between the Company and UMC.
10.17.3 (10) (12)	Written Assurances Re Foundry Venture Agreement dated as of September 29, 1995 between UMC and the Company.
10.18.1 (8) (10)	Advance Payment Agreement entered into on May 17, 1996 between Seiko Epson Corporation and the Company.
10.18.2 (6) (10)	Amended and Restated Advance Payment Agreement with Seiko Epson dated December 12, 1997.
10.19 (8)	Indenture dated November 1, 1995 between the Company and State Street Bank and Trust Company.
12.1	Statement of Computation of Ratios of Earnings to Fixed Charges.
21.1	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP, Independent Auditors.
24.1	Power of Attorney.
27.1	Financial Data Schedule for fiscal years ended March 31, 1998, 1997 and 1996.
27.2	Financial Data Schedule for quarters in the fiscal year ended March 31, 1998.

27.3 Financial Data Schedule for quarters in the fiscal year ended March 31, 1997.

(1) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 1991.
(2) 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.
(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 1, 1995.
(5) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 27, 1997.
(6) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended December 27, 1997.
(7) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended March 29, 1997.
(8) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 1996.
(9) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended April 3, 1993.
(10) Confidential treatment requested as to certain portions of these exhibits.
(11) Filed as an exhibit to the Company's Current Report on Form 8-K filed on April 18, 1995.
(12) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 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 16th day of June, 1998.

XILINX, INC.

By: /s/ Willem P. Roelandts

Willem P. Roelandts,
Chief Executive Officer and President

EXHIBIT 12.1

XILINX, INC.
STATEMENT OF COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(in thousands, except ratios)

	Years Ended March 31,				
	1998	1997	1996	1995	1994
Income before taxes and joint venture	$180,596	$165,758	$170,902	$94,845	$67,436
Add fixed charges	14,669	14,480	6,356	1,213	1,113
Earnings (as defined)	$195,265	$180,238	$177,258	$96,058	$68,549
Fixed charges					
Interest expense	$ 13,041	$ 12,842	$ 5,282	$ 549	$ 535
Amortization of debt issuance costs	871	882	363	--	--
Estimated interest component of rent expenses	757	756	711	664	578
Total fixed charges	$ 14,669	$ 14,480	$ 6,356	$ 1,213	$ 1,113
Ratio of earnings to fixed charges	13.3	12.4	27.9	79.2	61.6

EXHIBIT 21.1

XILINX, INC.
SUBSIDIARIES OF REGISTRANT

NAME	PLACE OF INCORPORATION OR ORGANIZATION
Xilinx, Ltd.	United Kingdom
Xilinx, KK	Japan
Xilinx Development Corporation	California
Xilinx, SARL	France
Xilinx, GmbH	Germany
Xilinx AB	Sweden
Xilinx Holding One, Ltd.	Ireland
Xilinx Holding Two, Ltd.	Ireland
Xilinx Holding Three, Ltd.	Cayman Islands
Xilinx, Ireland ULC	Ireland

EXHIBIT 23

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, 33-67808, 333-12339 and 333-44233) pertaining to the 1988 Stock Option Plan, 1997 Stock 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 22, 1998, 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, 1998.

/s/ Ernst & Young LLP

San Jose, California
June 17, 1998

EXHIBIT 24.1

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.

Signature	Title	Date
/s/ Bernard V. Vonderschmitt (Bernard V. Vonderschmitt)	Chairman of the Board	June 16, 1998
/s/ Willem P. Roelandts (Willem P. Roelandts)	Chief Executive Officer, President (Principal Executive Officer) and Director	June 16, 1998
/s/ Gordon M. Steel (Gordon M. Steel)	Senior Vice President, Finance and Chief Financial Officer (Principal Accounting and Financial Officer)	June 16, 1998
/s/ Philip T. Gianos (Philip T. Gianos)	Director	June 16, 1998
/s/ John L. Doyle (John L. Doyle)	Director	June 16, 1998
/s/ William G. Howard, Jr. (William G. Howard, Jr.)	Director	June 16, 1998

<ARTICLE> 5
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This schedule contains summary information extracted from Xilinx, Inc.'s CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED BALANCE SHEETS and is qualified in its entirety by reference to such financial statements. During the quarter ended December 27, 1997, the Company adopted the Financial Accounting Standards Board's Statement No. 128 (FASB 128), "Earnings per Share". The new standard required the Company to change the method used to compute net income per share and to restate all prior periods. The table below shows the restated earnings per share numbers.
</LEGEND>
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<PERIOD-TYPE>	12-MOS	12-MOS	12-MOS
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<PERIOD-START>	MAR-30-1997	MAR-31-1996	APR-02-1995
<PERIOD-END>	MAR-28-1998	MAR-29-1997	MAR-30-1996
<CASH>	166,861	215,903	110,893
<SECURITIES>	195,326	209,944	267,068
<RECEIVABLES>	69,320	77,982	84,727<F1>
<ALLOWANCES>	8408	5,734	5,199
<INVENTORY>	55,289	62,367	39,238
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<PP&E>	163,632	154,443	128,283
<DEPRECIATION>	75,356	67,863	45,645
<TOTAL-ASSETS>	941,238	847,693	720,880
<CURRENT-LIABILITIES>	125,657	97,253	102,636
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<PREFERRED>	0	0	0
<COMMON>	729	733	719
<OTHER-SE>	549,446	489,947	367,525
<TOTAL-LIABILITY-AND-EQUITY>	941,238	847,693	720,880
<SALES>	613,593	568,143	560,802
<TOTAL-REVENUES>	613,593	568,143	560,802
<CGS>	230,690	219,337<F1>	203,192
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<OTHER-EXPENSES>	209,035	189,745<F1>	191,854
<LOSS-PROVISION>	0	0	0
<INTEREST-EXPENSE>	13,924	14,561	5,645
<INCOME-PRETAX>	180,596	165,758	170,902
<INCOME-TAX>	56,728	55,382	69,448
<INCOME-CONTINUING>	126,587	110,376	101,454
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<EXTRAORDINARY>	0	0	0
<CHANGES>	0	0	0
<NET-INCOME>	126,587	110,376	101,454
<EPS-PRIMARY>	1.72<F2>	1.52<F2>	1.43<F2>
<EPS-DILUTED>	1.58	1.39	1.28

<FN>

<F1>Amount from the prior year has been reclassified to conform to the current year presentation.
<F2>Represents basic earnings per share.

<ARTICLE> 5
<LEGEND>
This schedule contains summary information extracted from Xilinx, Inc.'s CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED BALANCE SHEETS and is qualified in its entirety by reference to such financial statements. During the quarter ended December 27, 1997, the Company adopted the Financial Accounting Standards Board's Statement No. 128 (FASB 128), "Earnings per Share". The new standard required the Company to change the method used to compute net income per share and to restate all prior periods. The table below shows the restated earnings per share numbers.
</LEGEND>
<MULTIPLIER> 1000

<PERIOD-TYPE>	9-MOS	6-MOS	3-MOS
<FISCAL-YEAR-END>	MAR-28-1998	MAR-28-1998	MAR-28-1998
<PERIOD-START>	MAR-30-1997	MAR-30-1997	MAR-30-1997
<PERIOD-END>	DEC-27-1997	SEP-27-1997	JUN-28-1997
<CASH>	244,079	260,372	130,531
<SECURITIES>	173,480	174,241	334,954
<RECEIVABLES>	70,709	72,542	79,163
<ALLOWANCES>	6,907	6,557	6,459
<INVENTORY>	54,605	54,313	51,232
<CURRENT-ASSETS>	639,721	636,552	651,002
<PP&E>	165,518	163,096	158,777
<DEPRECIATION>	82,287	79,381	73,331
<TOTAL-ASSETS>	966,847	936,287	908,223
<CURRENT-LIABILITIES>	121,364	113,473	115,032
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<PREFERRED>	0	0	0
<COMMON>	742	740	736
<OTHER-SE>	583,513	561,321	530,512
<TOTAL-LIABILITY-AND-EQUITY>	966,847	936,287	908,223
<SALES>	459,768	311,033	160,761
<TOTAL-REVENUES>	459,768	311,033	160,761
<CGS>	172,622	116,954	60,906
<TOTAL-COSTS>	172,622	116,954	60,906
<OTHER-EXPENSES>	155,776	103,780	52,604
<LOSS-PROVISION>	0	0	0
<INTEREST-EXPENSE>	10,474	6,987	3,491
<INCOME-PRETAX>	136,410	94,401	49,546
<INCOME-TAX>	43,030	30,007	16,102
<INCOME-CONTINUING>	95,994	64,394	33,444
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<EXTRAORDINARY>	0	0	0
<CHANGES>	0	0	0
<NET-INCOME>	95,994	64,394	33,444
<EPS-PRIMARY>	1.31<F2>	0.88<F2>	0.46<F2>
<EPS-DILUTED>	1.19	0.79	0.41

<FN>

<F2>Represents basic earnings per share.

<ARTICLE> 5
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This schedule contains summary information extracted from Xilinx, Inc.'s CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED BALANCE SHEETS and is qualified in its entirety by reference to such financial statements. During the quarter ended December 27, 1997, the Company adopted the Financial Accounting Standards Board's Statement No. 128 (FASB 128), "Earnings per Share". The new standard required the Company to change the method used to compute net income per share and to restate all prior periods. The table below shows the restated earnings per share numbers.
</LEGEND>
<MULTIPLIER> 1000

<PERIOD-TYPE>	9-MOS	6-MOS	3-MOS
<FISCAL-YEAR-END>	MAR-29-1997	MAR-29-1997	MAR-29-1997
<PERIOD-START>	MAR-31-1996	MAR-31-1996	MAR-31-1996
<PERIOD-END>	DEC-28-1996	SEP-28-1996	JUN-29-1996
<CASH>	155,003	114,081	129,826
<SECURITIES>	235,099	309,403	268,947
<RECEIVABLES>	73,097<F1>	71,317<F1>	77,123<F1>
<ALLOWANCES>	4,548	3,942	5,119
<INVENTORY>	70,181	63,407	49,324
<CURRENT-ASSETS>	563,891	591,215	552,680
<PP&E>	150,338	145,418	138,387
<DEPRECIATION>	61,843	55,894	50,881
<TOTAL-ASSETS>	810,811	809,713	767,929
<CURRENT-LIABILITIES>	100,680	120,546	106,982
<BONDS>	250,000	250,000	250,000
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<COMMON>	730	730	722
<OTHER-SE>	459,401	438,437	410,225
<TOTAL-LIABILITY-AND-EQUITY>	810,811	809,713	767,929
<SALES>	416,366	280,779	150,200
<TOTAL-REVENUES>	416,366	280,779	150,200
<CGS>	161,139<F1>	108,983<F1>	53,325
<TOTAL-COSTS>	161,139<F1>	108,983<F1>	53,325<F1>
<OTHER-EXPENSES>	139,370<F1>	92,842<F1>	47,385<F1>
<LOSS-PROVISION>	0	0	0
<INTEREST-EXPENSE>	10,320	6,912	3,475
<INCOME-PRETAX>	120,658	81,809	50,375
<INCOME-TAX>	40,725	28,099	17,883
<INCOME-CONTINUING>	79,933	53,710	32,492
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<EXTRAORDINARY>	0	0	0
<CHANGES>	0	0	0
<NET-INCOME>	79,933	53,710	32,492
<EPS-PRIMARY>	1.10<F2>	0.74<F2>	0.45<F2>
<EPS-DILUTED>	1.01	0.68	0.41

<FN>

<F1>Amount from the prior year has been reclassified to conform to the current year presentation.
<F2>Represents basic earnings per share.