

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 30, 1996 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 77-0188631
(State or other jurisdiction (I.R.S. Employer Identification No.)
of incorporation or organization)

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

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 NO

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

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 4, 1996 as reported on the Nasdaq National Market was approximately \$2,089,824,088. 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 4, 1996, registrant had 72,196,484 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the Proxy Statement for Registrant's 1996 Annual Meeting of Stockholders are incorporated by reference in this Form 10-K Report (Part III).

PART I

ITEM 1. BUSINESS

GENERAL

Xilinx, Inc. ("Xilinx" or "the Company") designs, develops and markets complementary metal-oxide-silicon ("CMOS") programmable logic devices and related development system software. The Company's programmable logic product lines include field programmable gate arrays ("FPGAs") and complex programmable logic devices ("CPLDs"). These components are standard integrated circuits ("ICs") programmed by Xilinx's customers to perform desired logic operations. Xilinx introduced the first FPGA device in 1985, holds patents on certain FPGA architectures and technology and continues to be the leading supplier to this market. Xilinx also markets hardware devices, which are mask-programmed ICs that are functionally equivalent to a programmed FPGA.

Competitive pressures require manufacturers of electronic systems to bring increasingly complex products to market rapidly. Requirements for improved functionality, performance, reliability and lower cost are often addressed through the use of components that integrate ever larger numbers of transistors onto a single integrated circuit. For electronic equipment manufacturers in the data processing, telecommunications, networking, industrial control, instrumentation, and military markets, 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. The length of time required to develop these more sophisticated electronic systems is often incompatible with stringent time to market requirements.

Xilinx was founded to design, develop and market FPGAs which uniquely 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 programmable logic devices to provide solutions for customers. The Company's programmable logic devices serve a wide variety of applications which require high levels of integration and for which time to market is critical, production volumes are unpredictable and/or frequent design modifications are necessary to adapt a product to new markets. Xilinx CPLD's complement the Company's FPGA products and contribute to the Company's efforts to offer total programmable logic solutions. With FPGAs, which have the advantages of higher density, lower power and lower cost, and CPLDs, which are typically faster, have lower density and have simpler, easier to use software, the Company's products enable electronic system 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 FPGA's to the most sophisticated customers who are accustomed to designing high density, mask programmed gate arrays. The objective is to deliver strategic software advantages that combine ease of use with design flexibility, effective silicon utilization and competitive performance.

System designers use proprietary Xilinx development system software together with industry standard electronic design automation ("EDA") tools to design and develop Xilinx programmable logic applications. Designers define the logic functions of the circuit and revise such functions as necessary. Programmable logic can 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 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, programmable logic devices allow greater designer creativity, including the consideration of design alternatives which often lead to product improvements. Further, since programmable logic devices are standard products and production quantities are more readily available, exposures to obsolete inventory can be significantly reduced.

On April 10, 1995, the Company acquired NeoCAD, Inc. ("NeoCAD"), a company engaged in the design, development, and sale of software design tools for programmable electronic technologies. In fiscal 1996, the Company has been integrating NeoCAD's advanced FPGA software technology into its development system software.

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 is a key factor in the success of the Company's business. Delays in developing new products with anticipated technological advances or delays in commencing volume shipments of new products would be expected to have an adverse effect on the Company's business. 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 announcements by others.

Programmable Logic Devices

The Company's FPGA products include the XC2000, XC3000 and XC4000 families and the recently introduced XC5000, XC6000 and XC8000 families. The Company's CPLD products include the XC7000 family and the recently introduced XC9000 family. The Company has also recently introduced new members of the XC4000 family which include the XC4000E and XC4000EX. The XC4000E family increased performance over previous versions of the XC4000 family by approximately fifty percent. This improvement is the result of a new design, a new process technology and new on-chip RAM features. The XC4000EX family utilizes the benefits of the XC4000E architecture and provides additional routing resources which are expected to meet the design requirements for ICs with gate densities ranging from 28,000 to 125,000 useable gates. The XC4000EX family will offer the most powerful solution for the mask-programmed gate array replacement market by addressing 80% of the density requirements for today's gate array design starts. The XC5000 family represents the first FPGA specifically developed as a cost effective, high volume production alternative to gate arrays. The XC5000 family significantly reduces the price premium for customers evaluating an FPGA device against a comparable custom gate array. Use of the XC5000 as a low cost solution for high density designs permits the customer to also take advantage of design ease and to accelerate time to volume production. The XC6000 family is designed for reconfigurable coprocessing applications within the embedded controller market. The XC8000 family consists of one-time programmable FPGAs which utilize the Company's innovative MicroVia antifuse technology and proprietary sea-of-gates architecture and was developed for high gate efficiency and ease-of-use. The XC9000 family utilizes Flash-based architecture and offers in-system programmability. The Company shipped XC4000E and XC8000 products in fiscal 1996 and expects to ship the XC4000EX, XC6000 and XC9000 products in fiscal 1997.

FPGAs 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 hardware products offer a low cost migration path for high volume applications. Once a programmable logic design is finalized, customers can take advantage of hardware products which are mask-programmed during the manufacturing process. For every Xilinx FPGA family, there is a corresponding hardware family.

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

Development System Software

The Company's current version of XACTstep software combines powerful technology with a flexible, easy to use graphical interface to help achieve the best possible designs. XACTstep provides all of the implementation technology required to design with Xilinx logic devices, including module generation, design optimization and mapping, placement and routing, timing analysis, and program file generation. The Company's next generation software will build upon the existing user interface of the current XACTstep software release, but underneath will be a new generation software platform based on the NeoCAD core technologies. This merged release, which is expected to be available in fiscal 1997, is designed to satisfy the complete spectrum of FPGA and CPLD customers.

The Company currently offers two different series of software solutions. One series, which was released in April 1996, is an off-the-shelf, or "shrink-wrapped", solution that is easy to learn and use. For those customers that are new to designing with PLDs or want a low cost solution, the Company offers this entirely integrated software solution. The second series is for designers who want to integrate programmable logic design into their existing EDA tool environment. With interfaces to over 50 EDA vendors, this product allows users to select tools with which they are most familiar and therefore shortens their design cycle.

The Company is preparing a third software solution series to be directed towards high-end system level design applications which have historically been dominated by gate arrays. Xilinx will provide pre-implemented, fully-verified "drop-in modules", called LogiCores, for commonly used complex functions such as digital signal processing. These cores of intellectual property are expected to change the way in which logic has been historically designed. As a result, users should be able to shorten development time, reduce design risk and obtain superior performance for their designs.

Xilinx's XACTstep development system software operates on desktop computer platforms, including personal computers and workstations from IBM, IBM-compatible manufacturers, HP, DEC and Sun Microsystems. Through March 30, 1996, the Company had distributed over 26,700 development systems to more than 5,000 system manufacturers worldwide.

In fiscal 1996, sales of FPGAs, CPLDs, EPROMs, Hardwire and development system software products accounted for 85%, 2%, 5%, 5% and 3% of total revenues, respectively. For additional information on the Company's revenues, see Management's Discussion and Analysis of Results of Operations and Financial Condition in Item 7.

RESEARCH AND DEVELOPMENT

Xilinx's research and development activities are primarily directed towards the design of new integrated circuits, the design of new development system software and ongoing cost reductions and performance improvements in existing products. The Company's recent research and product development efforts have been directed principally towards its XC3100, XC4000, XC5000, XC6000 and XC8100 families of FPGAs, CPLD products, XACT development system software and towards other proprietary new architectures and processes.

Xilinx believes that development system software is an important factor in expanding the use of programmable logic devices. The Company's R&D challenge is to continue to develop new products that create solutions for customers while simultaneously reducing product development time. A further challenge will be the completion of integrating NeoCAD's advanced FPGA software technology into the existing product line. The Company presently allocates approximately 60% and 40% of its research and development staff for integrated circuit design or process development and development system software products, respectively. As of March 30, 1996, 388 employees were engaged in research and development. In fiscal 1996, 1995, and 1994, the Company's research and development expenses were \$64.6 million, \$45.3 million, and \$34.3 million, respectively. The Company expects that it will continue to spend substantial funds on research and development.

Research and development expenses, while having increased in amount in each period presented, have approximated 12% of revenues in 1996 and 13% in 1995 and 1994. The Company believes that technical leadership is essential to its success and is committed to continuing a significant level of research and development effort.

MARKETING AND SALES

Xilinx sells its products through several channels of distribution: direct sales to manufacturers by independent sales representative firms, sales through domestic distributors, and sales through foreign distributors. Xilinx also utilizes a direct sales management organization 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 address larger OEM customers and act as a direct sales force, while distributors serve the balance of the Company's customer base. All channels are supported by Xilinx sales and technical support personnel.

In North America, Hamilton-Hallmark, Marshall Industries, and Insight

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

Because of the uncertainty associated with future pricing adjustments and product returns, the Company defers recognition of revenues and related cost of revenues for products sold through domestic distributors until the merchandise is sold by the distributors.

BACKLOG AND CUSTOMERS

As of March 30, 1996, the Company's backlog was approximately \$143.8 million, as compared to approximately \$94.9 million as of April 1, 1995. Xilinx includes in its backlog all purchase orders scheduled for delivery within the next six months. Xilinx produces standard products which can generally be shipped from inventory within a short time after receipt of an order. The Company's business, and to a large and growing extent that of the entire semiconductor industry, is characterized by short-term order and shipment schedules. 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.

In fiscal 1996, the Company shipped products to over 5,000 customers directly or through domestic and foreign distributors. No single end customer accounted for more than 6% of revenues in fiscal 1996 or 1995 and 4% in fiscal 1994. See Note 9 of Notes to Consolidated Financial Statements in Item 8 for Industry and Geographic Information.

WAFER FABRICATION

The majority of wafers for FPGAs shipped by the Company have been manufactured by Seiko Epson Corporation (Seiko) and Yamaha Corporation (Yamaha). Seiko has non-exclusive, non-transferable rights to manufacture and sell FPGAs designed by Xilinx in Japan and Europe but is not currently exercising these rights. In exchange, Seiko has provided the Company with access to advanced CMOS processes. Precise terms with respect to the volume and timing of wafer production and the pricing of wafers produced by Seiko and Yamaha are determined by periodic negotiations between the Company and these foundry partners. From time to time, Xilinx may contract with other suppliers to provide wafers for the Company's products.

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

The Company entered into a series of agreements with United Microelectronics Corporation (UMC) pursuant to which the Company has agreed to join UMC and other parties to form a joint venture for the purpose of building and managing an advanced semiconductor manufacturing facility in Taiwan. See Note 4 of Notes to Consolidated Financial Statements in Item 8. Under the terms of the agreement, the Company invested \$34 million in fiscal 1996 and will invest an additional \$68 million and \$34 million in December 1996 and July 1997, respectively, for a 25% equity interest in the venture. As a result of its equity ownership, the Company will receive rights to purchase at market prices a percentage of the facility's wafer production. The proposed facility is expected to commence limited production of eight-inch sub-micron wafers during fiscal 1998. The Company is currently receiving eight-inch, sub-micron wafers in limited volume from a recently constructed foundry in which UMC is the major shareholder. Xilinx believes it will continue to receive such products in moderate volumes until the joint venture facility is operational.

On May 17, 1996, the Company signed an agreement with Seiko. The agreement provides for an advance to Seiko of \$200 million to be used in the construction of a wafer fabrication facility in Japan which will provide access to eight-inch sub-micron wafers. In conjunction with the agreement,

\$30 million was paid in May 1996 and further installments are scheduled starting in November 1996. Repayment of this advance will be in the form of wafer deliveries expected to begin in the first half of 1998. In addition to the advance payments, the Company will provide further funding to Seiko in the amount of \$100 million. This additional funding will be paid after the final installment of the \$200 million advance, and the form of the additional funding will be negotiated at that time.

ASSEMBLY AND TEST

Wafers purchased by the Company are tested by the manufacturer or by the Company. Tested wafers are assembled by a subcontractor in facilities in various Pacific Rim countries. In the assembly process, the wafers are separated into individual integrated circuits which are then assembled in packages. Following assembly, the packaged units are returned to the Company's U.S. or Ireland facilities for further testing, marking and final inspection prior to shipment to customers.

PATENTS AND LICENSES

Through March 30, 1996, the Company held 92 United States patents and has filed for an additional 139 United States 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 business. See Legal Proceedings in Item 3 and Note 10 of Notes to Consolidated Financial Statements in Item 8.

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

EMPLOYEES

Xilinx's employee population has grown by 38% during the past year. As of March 30, 1996, Xilinx had 1,201 employees compared to 868 at the end of the prior year. None of the Company's employees are represented by a labor union.

The Company has not experienced any work stoppages and considers its relations with its employees to be good.

COMPETITION

The Company's FPGA and CPLD products compete in the programmable logic marketplace, with a substantial majority of the Company's revenues derived from its FPGA product families. The industries in which the Company competes are intensely competitive and are characterized by rapid technological change, rapid product obsolescence and 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 development system software, and technical service and support. The Company's strategy for expansion in the programmable logic market includes continued price reductions commensurate with the ability to lower the cost of manufacture and continued introduction of new product architectures which target high volume, low cost applications. However, there can be no assurances that the Company will be successful in achieving this strategy.

The Company's major sources of competition are comprised of three elements: the manufacturers of custom CMOS gate arrays, providers of high density programmable logic products characterized by FPGA-type architectures and other providers of programmable logic products. The Company competes with custom gate array manufacturers on the basis of lower design costs, shorter development schedules and reduced inventory risks. The primary attributes of custom gate arrays are high density, high speed and low production costs in high volumes. However, the Company believes that the design specifications for many customers can be met by the density and speed capabilities of Xilinx's programmable logic products which are cost effective over a broad range of production volumes. In addition, the Company's efforts to introduce lower cost architectures are intended to narrow the gap between current custom gate array production costs (in high volumes) and FPGA production costs. To the extent that such efforts are not successful, the Company's business could be materially adversely affected.

The Company competes with providers of high density programmable logic products characterized by FPGA-type architectures on the basis of software capability, product functionally, price, performance and customer service. The Company believes that certain of its patents have been infringed by a competitor and has initiated legal action to protect its intellectual property. See Legal Proceedings in Item 3 and Note 10 of Notes to Consolidated Financial Statements in Item 8.

The benefits of programmable logic have attracted a number of companies to this market, competing primarily on the basis of speed, density or cost. Xilinx recognizes that different applications require different programmable technologies, and the Company is developing multiple architectures, processes and products to meet these varying customer needs. Recognizing the increasing importance of standard software solutions, Xilinx is working to develop common design software that supports the full range of integrated circuit products. Xilinx believes that automation and ease of design will be significant competitive factors in the programmable logic market.

Although certain manufacturers of PLDs compete with Xilinx, significant differences in logic density between most complex PLDs and FPGAs limit the amount of competitive overlap. While the architecture of complex PLDs gives them a performance advantage in certain instances, the Company believes that the higher density available with FPGAs makes them more economical for many designs.

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. Many 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.

Xilinx also faces competition from its licensees. Under a license from the Company, AT&T is manufacturing and marketing the Company's non-proprietary XC3000 FPGA products and is employing that technology to provide additional FPGA products offering high density. Seiko has rights to manufacture the Company's products and market them in Japan and Europe but is not currently doing so. AMD is licensed to use certain of the Company's patents to manufacture and market products other than SRAM-based FPGAs and, after March 19, 1997, could also compete directly in this market.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

Name	Age	Position	Officer Since
Bernard V. Vonderschmitt	72	Chairman of the Board	1984
Willem P. Roelandts	51	Chief Executive Officer	1996
Robert C. Hinckley	48	Vice President, Strategic Plans and Programs, General Counsel, and Secretary	1991
Gordon M. Steel	51	Senior Vice President, Finance and Chief Financial Officer	1987
R. Scott Brown	55	Senior Vice President, Sales	1985
C. Frank Myers	62	Vice President, Operations	1985

Except as set forth below, each of the Company's executive officers has been engaged in his principal occupation described above during the past five years. 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. He is a 28-year veteran of Hewlett-Packard Company, where he most recently served as a senior vice president and managed the company's Computer Systems Organization from November 1992 through January 1996. In this capacity, he was responsible for all aspects of the computer systems business worldwide, including research and development, manufacturing, marketing, professional services and sales. He also served as vice president and general manager of the Network Systems Group from December 1990 to November 1992.

Robert C. Hinckley joined the Company in November 1991 as Vice President, Strategic Plans and Programs, serves as the Company's General Counsel, and was appointed Secretary in May 1993. He acted as interim Chief Operating Officer from March 1994 until August 1994. From August 1990 to November 1991 he was engaged in the private practice of law. From January 1989 until August 1990, he served as Senior Vice President, Chief Financial Officer, Secretary and Treasurer of Spectra Physics, Inc.

In April 1996, Curtis S. Wozniak, President and Chief Operating Officer, resigned from the Company. He had joined Xilinx in August 1994.

ITEM 2. PROPERTIES

Xilinx's principal administrative, sales, marketing, research and development and final testing facility is located in adjacent buildings providing 335,000 square feet of available space in San Jose, California and are leased through 1999. The Company has entered into lease agreements relating to these facilities which would allow the Company to purchase these facilities on or before the lease expiration dates in December 1999. In addition, the Company maintains domestic sales offices in nineteen locations which include the metropolitan areas of Atlanta, Boston, Chicago, Denver, Dallas, Los Angeles, Minneapolis, Philadelphia, Raleigh and San Jose as well as international sales offices located in the metropolitan areas of London, Munich, Paris, Stockholm, Tokyo, Taipei, Seoul and Hong Kong. The Company completed construction of a 100,000 square foot administrative, research and development and final testing facility in the metropolitan area of Dublin, Ireland in 1995. This facility is being used to service the Company's customer base outside of North America.

The Company is currently constructing a 60,000 square foot facility in Boulder, Colorado. This facility will replace the former NeoCAD facility and will be the primary location for the Company's software efforts in the areas of research and development, manufacturing and quality control.

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 discovery has been completed in both cases. No trial date has been set. The Court has stayed further proceedings in both cases until August 30, 1996, when the next status conference with the Court is scheduled. On April 20, 1995, Altera filed an additional suit against the Company in Federal District Court in Delaware (the Delaware suit) alleging that the Company's XC5000 family infringes a certain Altera patent. The Company answered the Delaware suit denying that the XC5000 family infringes the patent in suit, which is the subject of the litigation, asserting certain affirmative defenses and counterclaiming that the Altera Max 9000 family infringes certain of the Company's patents. The Delaware suit has now been transferred to the United States District Court for the Northern District of California. Due to the uncertain nature of the litigation with Altera and because the lawsuits are still in the pre-trial stage, the ultimate outcome of these matters cannot be determined at this time. Management believes that it has meritorious defenses to such claims and is defending them vigorously. The foregoing is a forward looking statement and actual results could differ materially.

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

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

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

PART II

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

Xilinx's Common Stock is listed on the Nasdaq National Market under the symbol XLNX. The table below reflects for the periods indicated the high and low closing sales prices per share of the Common Stock, as reported on the Nasdaq National Market. Xilinx has never paid a cash dividend on its Common Stock and intends to continue this policy for the foreseeable future. As of March 31, 1996, there were approximately 671 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 35,000.

Quarter Ended	Fiscal Year 1996		Fiscal Year 1995	
	High	Low	High	Low
June 30	\$33.17	\$21.25	\$18.67	\$11.33
September 30	53.88	31.67	16.92	9.92
December 31	48.38	24.75	20.25	15.33
March 31	45.50	27.88	23.67	18.38

The price range of the Company's Common Stock has been restated for all periods presented to reflect the three-for-one stock split, which was effected in July 1995.

ITEM 6. SELECTED FINANCIAL DATA - (in thousands, except per share data)

CONSOLIDATED STATEMENT OF INCOME DATA:

	1996	1995	Years ended March 31,		
			1994	1993	1992
Net revenues	\$560,802	\$355,130	\$256,448	\$177,998	\$135,827
Operating income	165,756 #	92,048 +	65,168	41,586	30,137 *
Income before taxes	170,902 #	94,845 +	67,436	43,610	33,758 *
Provision for income taxes	69,448	35,567	26,157	16,379	12,493
Net income	101,454 #	59,278 +	41,279	27,231	21,265 *
Net income per share	\$ 1.28 #	\$ 0.80 +	\$ 0.57	\$ 0.38	\$ 0.30 *
Shares used in per share calculations	78,955	74,109	72,237	70,848	71,868

<FN>

- # After non-recurring charge for in-process technology related to the acquisition of NeoCAD of \$19,366 and \$0.25 per share.
- + After non-recurring charge for the write-off of a minority investment of \$2,500 and \$0.02 per share net of tax.
- * After non-recurring charge for in-process technology related to the acquisition of Plus Logic of \$3,507 and \$0.03 per share net of tax.

CONSOLIDATED BALANCE SHEET DATA

	1996	1995	1994	1993	1992
Working capital	\$436,070	\$180,064	\$143,103	\$101,100	\$ 88,414
Total assets	720,880	320,940	226,156	162,899	146,589
Long-term debt	250,000	867	2,195	3,911	4,959
Stockholders' equity	368,244	243,971	172,878	123,299	108,662

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement

The statements in this Management's Discussion and Analysis that are forward looking involve numerous risks and uncertainties and are based on current expectations. Actual results may differ materially. Such risks and uncertainties are detailed in the Company's SEC reports and filings. Certain of these risks and uncertainties are discussed under "Factors Affecting Future Results".

Nature of Operations

Xilinx, Inc. ("Xilinx" or the "Company") designs, develops and markets CMOS (complementary metal-oxide-silicon) programmable logic devices and related development system software. The Company's programmable logic product lines include field programmable gate arrays ("FPGAs") and complex programmable logic devices ("CPLDs"). These components are standard integrated circuits ("ICs") programmed by Xilinx's customers to perform desired logic operations. Xilinx introduced the first FPGA device in 1985, holds patents on FPGA architecture and technology, and continues to be the leading supplier to this market. Xilinx also markets hardware devices which are mask-programmed ICs functionally equivalent to programmed FPGAs. The Company's products provide high integration and quick time-to-market for electronic equipment manufacturers in the data processing, telecommunications, networking, industrial control, instrumentation and military markets. The Company markets its products throughout the world through a direct sales organization, direct sales to manufacturers by independent sales representative firms, sales through licensed domestic distributors and sales through foreign distributors.

Xilinx's products have provided effective solutions to a wide range of customer logic requirements, thereby permitting the Company to increase revenues and market share and to realize excellent profitability during fiscal 1996.

Results of Operations

The following table sets forth certain operational data both as percentages of annual revenues and as percentage changes from the prior year's results.

	Years ended March 31,			Increase from Prior Year	
	1996	1995	1994	1996	1995
Revenues	100.0%	100.0%	100.0%	57.9%	38.5%
Cost of revenues	36.2%	39.0%	38.5%	46.7%	40.1%
Gross margin	63.8%	61.0%	61.5%	65.1%	37.4%
Research and development	11.5%	12.8%	13.4%	42.5%	32.0%
Marketing, general and administrative	19.2%	21.6%	22.7%	40.5%	32.1%

Operating income before non-recurring charges	33.1%	26.6%	25.4%	95.8%	45.1%
Non-recurring charges	3.5%	0.7%	-	NM	NM
Operating income	29.6%	25.9%	25.4%	80.1%	41.2%
Interest income (net)	0.9%	0.8%	0.9%	84.0%	23.3%
Income before taxes	30.5%	26.7%	26.3%	80.2%	40.6%
Provision for income taxes	12.4%	10.0%	10.2%	95.3%	36.0%
Net income	18.1%	16.7%	16.1%	71.1%	43.6%

Revenue

Xilinx reported record revenues for 1996 of \$560.8 million, representing an increase of 57.9% from \$355.1 million for 1995 and 118.7% from \$256.4 million reported for 1994. The growth in revenues was a function of increased unit sales of programmable logic devices and, more specifically, was primarily attributable to the revenue growth of the XC4000 family as well as the growth of the Company's new product, the XC5000 family. Other contributors included the Company's XC3000, XC3100 and CPLD families.

Xilinx's development system software is used by the Company's customers to implement designs in the Company's programmable logic devices. Software revenues increased by 36.1% in 1996 to approximately \$17.1 million as compared to \$12.6 million in 1995 and \$11.6 million in 1994. Although software revenues have increased in dollar amounts, sales have declined as a percentage of total revenues, accounting for 3%, 4% and 5% of revenues for 1996, 1995 and 1994, respectively. Cumulative licenses for proprietary development system software distributed to customers through the end of 1996 approximated 26,700 units, as compared to 21,000 and 16,500 at the end of 1995 and 1994, respectively.

Revenue contribution by product line reflected increased customer demand for the functionality and performance provided by the Company's higher density and higher speed programmable logic devices. Of the \$205.7 million growth in revenues between 1995 and 1996, 96% was provided by revenues from the proprietary products within the XC3000 family as well as the XC3100, XC4000, XC5000 and CPLD families, all of which are proprietary products. Revenues from proprietary products increased from 74% of the aggregate revenues in 1995 to 85% in 1996. In the fourth quarter of 1996, proprietary products accounted for 88% of total revenues as compared to 79% for the comparable 1995 quarter. Revenues from the XC4000 family increased 106% between 1995 and 1996 to \$250 million. Deriving revenues from proprietary products has been emphasized by the Company as an effective implementation of a corporate pricing strategy whose aim is to expand the market for its products by reducing sales prices coincident with and commensurate with reductions in the cost of manufacturing these products. The Company is actively pursuing a strategy of broadening the markets it serves through the enhancement of software development tools, the introduction of architectures offering new functionality, and the reduction of IC prices through continuous advancements in the silicon manufacturing process.

During 1996, all product families except the non-proprietary members of the XC3000 family, where there is a second source competitor, experienced increases in unit volume. During this period, the average selling price of an IC product family fell between 8% and 24%. Individual products within the XC3000, XC3100 and XC4000 families experienced price decreases as much as 32% during the past year, as prices were reduced in the higher complexity and higher speed families in order to be more competitive in high volume applications. Price erosion of this magnitude has been common in the semiconductor industry, as advances in both architecture and manufacturing process technology have permitted continual reductions in cost. The approximately 70% increase in unit volume for the XC3100 family and the more than doubling in unit volume for the XC4000 family outweighed the impact of price erosion on individual product lines, as the weighted average selling price for all ICs increased approximately 4% in 1996 relative to the previous year.

The XC4000 products provide the widest range of densities of any family, currently ranging from 2,000 to 28,000 gates. The Company's HardWire products offer a low cost migration path for high volume applications. During 1996, the

Company began volume production of the XC5000 family, which represents the first FPGA specifically developed as a cost effective, high volume production alternative to gate arrays. The XC5000 family is expected to allow the Company to enter new market segments, for which most new designs are expected to require higher quantities. However, there can be no assurances that the XC5000 family will be successful in entering new market segments. Revenues for the XC5000 family were \$9.1 million for 1996. In the second half of 1996 the Company introduced the XC9500 CPLD family, which provides complete in-system programming and test capabilities for users who need maximum design flexibility throughout their product life cycle.

No single end customer accounted for more than 6% of revenues in 1996 or 1995 and 4% of revenues in 1994.

International revenues constituted 35%, 31% and 28% of total revenues for 1996, 1995 and 1994, respectively. International revenues continue to be primarily to customers in Europe and Japan. Revenue growth over the past year in these two international markets was 73% and 111%, respectively. In 1996, the Company completed construction of a \$32.3 million manufacturing facility in Dublin, Ireland. The Ireland facility has increased production levels throughout 1996 and has enhanced the Company's ability to meet the needs of its international customers. The Company believes that international revenues will continue to grow at a faster rate over the intermediate future than domestic sales and projects that such revenues will eventually comprise 50% of the worldwide total. However, there can be no assurances that international revenues will eventually reach this level in the future. Sales to Pacific Rim, Middle East and other regions outside North America, Europe and Japan represented approximately 4% of revenues in each year presented.

Recently, several independent semiconductor industry analysts have indicated their belief that the overall semiconductor industry will grow at lower rates than actual growth rates over the last few years. See "Other Factors Affecting Operating Results" for discussion relating to potential impact of semiconductor industry conditions on the Company's business.

The Company expects its growth rate in revenue for fiscal 1997 to decrease from the levels experienced in fiscal 1996. The Company believes that the conditions that led to slow growth in the last two quarters of fiscal 1996 are still present, although probably to a lesser degree. The Company also realizes that a prolonged slowdown in the overall semiconductor industry would detrimentally impact Xilinx. While the Company currently projects revenue growth rates for the first two quarters of fiscal 1997 to be comparable to or above the two to four percent quarterly growth experienced in the final two quarters of the prior fiscal year, no assurance can be given that this will be the case.

The preceding three paragraphs contains forward-looking statements which involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including those set forth in "Factors Affecting Future Results" and elsewhere in this section.

Gross Margin

Gross margin as a percentage of revenues was 63.8% for 1996 as compared to 61% for 1995 and 61.5% for 1994. Recent gross margin improvements are largely due to the strengthening of the dollar versus the yen, recurring pricing negotiations, improved product yields associated with recent manufacturing technology enhancements, and realization of the benefits of expanded levels of production. Over the past three years, Xilinx has also been able to offset much of the erosion in gross margin percentages on the more mature integrated circuits with increased volumes of newer, proprietary, higher margin products.

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 the fiscal 1996 gross margins of 63.8% are neither sustainable nor desirable in the future. Gross margins closer to the Company's historical range of 60% to 62% of revenues are considered more appropriate for expanding market share while realizing acceptable returns, although there can be no assurance that future gross margins will be in this range. Because the Company's wafer purchases supplied by Japanese foundries are denominated in yen, a strengthened U.S. dollar exchange rate against the yen has had a positive impact on manufacturing costs. Manufacturing costs would be adversely impacted if the dollar weakens against the yen. "See Factors Affecting Future Results."

Research and Development

The Company has increased the dollars spent on research and development each year in its twelve year history. These expenses in 1996 exceeded those of the prior year by 43% and those of 1994 by 88%. The increase in research and development expenses is primarily attributable to increased staffing, higher engineering wafer purchases, and increased facility and support costs associated with an expanded scope of operations. Increased staffing in fiscal 1996 was attributable in part to the acquisition and integration of NeoCAD. See Note 3 of Notes to Consolidated Financial Statements. 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, 1996, the Company had 92 U.S. patents issued and has filed for an additional 139 U.S. patents in the areas of software, IC architecture and design. As of March 31, 1996, research and development personnel were split 40% for software development and 60% for integrated circuit design and process development. Xilinx has not capitalized any of the costs associated with its software development.

Marketing, General and Administrative

Marketing, general and administrative costs have increased in each of the past three years but declined as a percentage of revenues, reflecting both the greater growth rate in revenues and the Company's commitment to control administrative expenses. Sales expenses have increased each year due to increasing personnel, increases in advertising, the costs of new sales offices, and greater commission expenses associated with higher revenues. The Company has nineteen sales offices located throughout the United States, including the metropolitan areas of San Jose, Los Angeles, Denver, Dallas, Chicago, Minneapolis, Atlanta, Raleigh, Philadelphia and Boston as well as eight international sales offices located in the metropolitan areas of London, Munich, Paris, Stockholm, Tokyo, Taipei, Seoul and Hong Kong. The increase in general and administrative expenses since 1994 is primarily attributable to an expanded number of employees and to continuing legal expenses associated with litigation intended to protect the Company's intellectual property rights. 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 increase the level of future general and administrative expenses.

Non-recurring Charges

During the first quarter of fiscal 1996, the Company incurred a \$19.4 million non-recurring write-off of in-process technology relating to the Company's acquisition of NeoCAD. During 1996, the Company has incurred research and development expenses relating to its efforts to combine the Xilinx and NeoCAD technologies into an integrated software product. See Note 3 of Notes to Consolidated Financial Statements. During 1995, the Company incurred a \$2.5 million write-off of a minority investment in Star Semiconductor Corporation.

Operating Income

Operating income grew from \$65.2 million in 1994 to \$92 million in 1995 and to \$165.8 million in 1996. Operating income in 1996 was \$185.1 million before consideration of the non-recurring write-off of in-process technology. Over the past three years, operating income as a percentage of revenues (before consideration of non-recurring charges) has increased from 25.4% in 1994 to 26.6% in 1995 and to 33% in 1996. Operating income as a percentage of revenues could be adversely impacted in future years by the factors noted above, and as the Company expands its efforts in research and development and continues to assert its intellectual property rights.

Interest, Net

The Company incurs interest expense on the \$250 million of 5 1/4% convertible subordinated notes issued in November 1995. The Company earns interest income on its cash, cash equivalents, short-term investments and restricted investments. The amount of interest earned is a function of the balance of cash invested as well as the prevailing interest rates. Net interest income for 1996 increased by \$2.3 million over 1995. In 1996, the increased interest expense incurred relating to the notes was partially offset by the interest income earned from investing the net proceeds of such notes. The Company's investment portfolio contains tax-advantaged municipal bonds which have pretax yields which are less than the interest rate on the notes. For financial reporting purposes, the Company effectively records the difference between the

pretax and tax-equivalent yields as a reduction in provision for taxes on income. As a result of the difference in yields and future uses of the investment portfolio, levels of net interest income are likely to decrease in the future.

Provision for Income Taxes

Xilinx 's effective tax rate was 40.6% for 1996 as compared to 37.5% and 38.8% for 1995 and 1994, respectively. The higher tax rate for fiscal 1996 resulted from the non-recurring write-off of in-process technology relating to the acquisition of NeoCAD, which is not tax deductible. Excluding the non-recurring write-off of in-process technology, the Company 's effective tax rate for fiscal 1996 was 36.5%. The reduced rate from the previous fiscal year is primarily due to the Company 's expanded operations in certain foreign jurisdictions that offer statutory tax rates beneath the US effective tax rate. The Company believes that net deferred tax assets (approximately \$25.1 million at March 31, 1996) are realizable due to the taxable income existing in potential carryback years.

Inflation

The effects of inflation upon the Company's financial results have not been significant.

FACTORS AFFECTING FUTURE RESULTS

Dependence Upon Independent Manufacturers

The Company does not manufacture the wafers used for its products. To date, most of the Company 's FPGA wafers have been manufactured by Seiko Epson Corporation (Seiko) and Yamaha Corporation. The Company has depended upon these suppliers and others to produce wafers with competitive performance and cost attributes, to produce wafers at acceptable yields and to deliver them to the Company in a timely manner. While the quality, yield and timeliness of wafer deliveries to date from its suppliers have been acceptable, there can be no assurance that manufacturing problems will not occur in the future. Any prolonged inability to obtain wafers with competitive performance and cost attributes, adequate yields or timely deliveries from these manufacturers, or any other circumstance that would require the Company to seek alternative sources of supply, could delay shipments. Any significant delays could have an adverse effect on the Company 's operating results.

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

In order to secure additional wafer capacity, the Company from time to time considers a number of alternatives, including, without limitation, equity investments in, or loans, deposits, or other financial commitments to, independent wafer manufacturers in exchange for production capacity, or the use of contracts which commit the Company to purchase specified quantities of wafers over extended periods. 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 a timely manner, as well as the ability of the Company to process products for shipment. The Company 's future growth will depend in part on its ability to locate and qualify additional suppliers and subcontractors and to increase its own capacity to ship products, and there can be no assurance that the Company will be able to do so. Any increase in these constraints on the Company 's production could materially adversely affect the Company 's business. In this regard, the Company has entered into a joint venture, United Silicon Inc. (USI), to construct a new wafer fabrication facility. See Notes 4 and 5 of Notes to Consolidated Financial Statements and the Commitments discussion within "Financial Condition, Liquidity and Capital Resources." However, there are many risks associated with the construction of a new facility, and there can be no assurance that such facility will become operational in a timely manner. In addition, the Company has recently entered into an agreement for additional capacity with another foundry. See Note 11 of Notes to Consolidated Financial Statements and the Commitments discussion within "Financial Condition, Liquidity and Capital Resources." If the Company requires additional capacity and such capacity is unavailable, or unavailable on

reasonable terms, the Company 's business could be materially adversely affected.

Impact of Currency

The Company has historically purchased most of the processed silicon wafers used in its integrated circuits from Japanese foundries, which have been denominated in yen. The Company has often limited its exposure to fluctuations in foreign exchange rates through the purchase of forward exchange and option contracts and by denominating billings to Japanese customers in yen. The Company has entered into currency option contracts to cover approximately 50% of 1997 yen requirements for wafer purchases after consideration of foreign sales denominated in yen. Weakness in the purchasing power of the U.S. dollar could increase the effective cost of processed silicon and adversely affect the Company 's future results of operations. Foreign sales are billed in U.S. dollars except for sales in Japan denominated in yen. The Company has also entered into foreign exchange forward contracts to eliminate the impact of future exchange fluctuations on the US dollar cost of investing in the USI joint venture.

Litigation

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

Other Factors Affecting Operating Results

The semiconductor industry is characterized by rapid technological change, intense competitive pressure and cyclical market patterns. The Company 's results of operations are affected by a wide variety of factors, including general economic conditions and conditions specific to the semiconductor industry, decreases in average selling price over the life of any particular product, the timing of new product introductions (both by the Company and its competitors), the timely implementation of new manufacturing technologies, the ability to safeguard patents and intellectual property in a rapidly evolving market, and 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 time. This 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 yields could adversely impact the Company 's results of operations. The Company attempts to identify these changes in market conditions as soon as possible; however, the rapidity of their onset makes prediction of and reaction to such events difficult. Due to the foregoing and other factors, past results are a much less reliable predictor of the future than is the case in many older, more stable and less dynamic industries.

The Company 's future success depends on its ability to develop and introduce on a timely basis new products which compete effectively on the basis of price and performance and which address customer requirements. The success of new product introductions is dependent upon several factors, including timely completion of new product designs, achievement of acceptable yields 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. 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 with higher margins do not occur in a timely manner or the Company 's products do not achieve market acceptance, the Company 's operating results could be adversely affected.

The Company's FPGA and CPLD products compete in the programmable logic marketplace, with a substantial majority of the Company's revenues derived from its FPGA product families. The industries in which the Company competes

are intensely competitive and are characterized by rapid technological change, rapid product obsolescence and 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 development system software, and technical service and support. The Company's strategy for expansion in the programmable logic market includes continued price reductions commensurate with the ability to lower the cost of manufacture and continued introduction of new product architectures which target high volume, low cost applications. The Company's major sources of competition are comprised of three elements: the manufacturers of custom CMOS gate arrays, providers of high density programmable logic products characterized by FPGA-type architectures and other providers of programmable logic products. The Company competes with custom gate array manufacturers on the basis of lower design costs, shorter development schedules and reduced inventory risks. The primary attributes of custom gate arrays are high density, high speed and low production costs in high volumes. However, the Company believes that the design specifications for many customers can be met by the density and speed capabilities of Xilinx's programmable logic products which are cost effective in the required production volumes. In addition, the Company's efforts to introduce lower cost architectures are intended to narrow the gap between current custom gate array production costs (in high volumes) and FPGA production costs. To the extent that such efforts are not successful, the Company's business could be materially adversely affected.

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

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

Sales outside of the United States carry a number of inherent risks, including risks of currency exchange fluctuations, the need for export licenses, tariffs and other potential trade barriers, reduced protection for intellectual property rights in some countries, the impact of recessionary environments in economies outside the United States and generally longer receivable collection periods. The Company's business is also subject to the risks associated with the imposition of legislation and regulations relating 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 results of operations. There can be no assurance that the Company will be successful in its maintenance or expansion of existing foreign operations, in its establishment of new foreign operations or in its efforts to maintain or expand its relationships with international distributors or sales representatives.

The semiconductor industry has historically been cyclical and subject to, at various times, significant economic downturns characterized by diminished

product demand, accelerated erosion of average selling prices and overcapacity. The Company may experience substantial period-to-period fluctuations in future operating results due to general semiconductor industry conditions, overall economic conditions or other factors.

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

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company 's financial condition at March 31, 1996 remained strong. Total current assets exceeded total current liabilities by 5.2 times, compared to 3.4 times at March 31, 1995. Since its inception, the Company has used a combination of equity and debt financing and internal cash flow to support operations, make acquisitions and investments in complementary technologies, obtain capital equipment and finance inventory and accounts receivable.

Total assets have grown from \$320.9 million in 1995 to \$720.9 million in 1996. This increase reflects the net proceeds of \$243.9 million received from the sale of convertible subordinated notes during the year as well as the year's favorable operating results. The percentage changes of selected balance sheet items from March 1995 to March 1996 are shown below:

Description	% Change from 1995 to 1996
Cash, cash equivalents and short-term investments	207.6%
Receivables	81.2%
Inventories	53.4%
Total current assets	110.3%
Total assets	124.6%
Total current liabilities	34.9%
Stockholder's equity	50.9%

Cash, Cash Equivalents and Short-term Investments

Xilinx 's cash, cash equivalents and short-term investments increased by \$255.1 million in 1996 to \$378 million. The Company generated cash flow of approximately \$150.3 million from operating activities in 1996, offset by \$352.7 million of cash used for investing activities, including the acquisition of NeoCAD, the USI joint venture, net purchases of investments and investments in property, plant and equipment. In addition, the Company generated \$256.7 million of cash from financing activities, reflecting the proceeds derived from the convertible debt offering, which netted \$243.9 million, and \$14.2 million of common stock proceeds under employee option and stock purchase plans, offset by \$1.4 million of principal payments on capital lease obligations. At March 31, 1996, cash, cash equivalents and short-term investments represented 52% of total assets.

Receivables

Receivables grew 81.2% from \$43.9 million at the end of 1995 to \$79.5 million

at the end of 1996. The increase in receivables year-to-year is primarily due to the greater volume of shipments which occurred in the last month of fiscal 1996.

Inventories

Inventories increased 53.4% from \$25.6 million at March 1995 to \$39.2 million at March 1996. Inventory levels at March 31, 1996 represent 69 days of inventory, which is consistent with Company objectives, and compares to 54 days at March 31, 1995. The Company confronts dual, 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, range and speed configurations to meet unpredictable customer demand. At the same time, the Company also wishes to minimize the handling costs associated with higher inventory levels and to realize fully the opportunities for cost reduction associated with future manufacturing process advancements. The Company continually strives to balance these two objectives so as to provide excellent customer response at a competitive cost. Year-end inventories as a percentage of the fourth quarter 's cost of revenues increased from 60% in 1995 to 76% in 1996.

Property, Plant and Equipment

Xilinx 's investment in property and equipment was \$60.5 million in 1996 compared to \$26.2 million in 1995. The Company continues to invest in software design tools and semiconductor design, test and manufacturing equipment. The Company completed construction of a \$32.3 million manufacturing facility in Dublin, Ireland in 1996 to establish capacity to meet increased product demand. Although the Company anticipates significantly lower capital expenditures in fiscal 1997 as a result of the completion of the Ireland facility, significant investments with wafer suppliers are planned for 1997. See Commitments discussion.

Current Liabilities

Current liabilities grew by 34.9% to \$102.6 million at the end of 1996. This growth is primarily attributable to increased deferred income for shipments made to domestic distributors, increased trade payables associated with an expanded scale of operations and interest payable relating to the convertible subordinated notes.

Line of Credit

The Company has obtained credit line facilities for up to \$47 million (see Note 5 of Notes to Consolidated Financial Statements) of which \$7 million is intended to meet occasional working capital requirements for the Company 's wholly owned Irish subsidiary. At March 31, 1996, no borrowings were outstanding under the lines of credit.

Long-term Debt

In November 1995, the Company issued \$250 million in convertible subordinated notes. See Note 5 of Notes to Consolidated Financial Statements. There was no significant long-term debt in 1995.

Stockholders ' Equity

Stockholders ' equity grew by 50.9% in 1996 to \$368.2 million. The increase of \$124.3 million was primarily attributable to \$101.5 million in net income and \$22.1 million related to the issuance of common stock in accordance with the Company 's stock plans and the tax benefit from stock options. Stockholders ' equity as a percentage of total assets was 51.1% for 1996 and 76% for 1995.

Commitments

The Company entered into a series of agreements with United Microelectronics Corporation (UMC) pursuant to which the Company has agreed to join UMC and other parties to form a joint venture for the purpose of building and managing an advanced semiconductor manufacturing facility in Taiwan. See Note 4 of Notes to Consolidated Financial Statements. Under the terms of the agreement, the Company invested \$34 million in fiscal 1996 and will invest an additional \$68 million and \$34 million in December 1996 and July 1997, respectively, for a 25% equity interest in the venture. As a result of its equity ownership, the Company will receive rights to purchase at market prices a percentage of the

facility 's wafer production. The proposed facility is expected to commence limited production of eight-inch sub-micron wafers during fiscal 1998. The Company is currently receiving eight-inch, sub-micron wafers in limited volume from a recently constructed foundry in which UMC is the major shareholder. Xilinx believes it will continue to receive such products in moderate volumes until the proposed facility is operational.

On May 17, 1996, the Company signed an agreement with Seiko Epson Corporation (Seiko), a primary wafer supplier. See Note 11 of Notes to Consolidated Financial Statements. The agreement provides for an advance to Seiko of \$200 million to be used in the construction of a wafer fabrication facility in Japan which will provide access to eight-inch sub-micron wafers. In conjunction with the agreement, \$30 million was paid in May 1996 and further installments are scheduled starting in November 1996. Repayment of this advance will be in the form of wafer deliveries expected to begin in the first half of 1998. In addition to the advance payments, the Company will provide further funding to Seiko in the amount of \$100 million. This additional funding will be paid after the final installment of the \$200 million advance and the form of the additional funding will be negotiated at that time.

Employees

The number of Company employees grew by 38% during the past year. Xilinx had 1,201 employees at the end of 1996 as compared to 868 at the end of the prior year.

The Company anticipates that existing sources of liquidity and cash flow from operations will be sufficient to satisfy the Company 's cash needs for the foreseeable future. The Company will continue to evaluate opportunities for investments to obtain additional wafer supply capacity, procurement of additional capital equipment and facilities, development of new products, and potential acquisitions of businesses, products or technologies that would complement the Company 's businesses and may use available cash or other sources of funding for such purposes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENT OF INCOME

	Years ended March 31,		
	1996	1995	1994
	-----	-----	-----
Net revenues	\$560,802	\$355,130	\$256,448
Costs and expenses:			
Cost of revenues	203,192	138,492	98,835
Research and development	64,600	45,318	34,334
Marketing, general and administrative	107,888	76,772	58,111
Non-recurring charges	19,366	2,500	-
Total costs and expenses	395,046	263,082	191,280
-----	-----	-----	-----
Operating income	165,756	92,048	65,168
Interest income and other	10,791	13,083	2,803
Interest expense	(5,645)	(10,286)	(535)
-----	-----	-----	-----
Income before provision for taxes on income	170,902	94,845	67,436
Provision for taxes on income	69,448	35,567	26,157
-----	-----	-----	-----
Net income	\$101,454	\$ 59,278	\$ 41,279
=====	=====	=====	=====
Net income per share	\$ 1.28	\$.80	\$.57
=====	=====	=====	=====
Weighted average common and common equivalent shares used in computing per share amounts	78,955	74,109	72,237
=====	=====	=====	=====

<FN>

See accompanying notes.

CONSOLIDATED BALANCE SHEET

	March 31,	
	1996	1995
ASSETS		
Current assets		
Cash and cash equivalents	\$110,893	\$56,703
Short-term investments	267,068	66,181
Accounts receivable, net of allowance for doubtful accounts and customer returns of \$5,199 and \$4,863 in 1996 and 1995, respectively	79,528	43,901
Inventories	39,238	25,586
Advances for wafer purchases	9,034	42,000
Deferred income taxes and other current assets	32,945	21,795
Total current assets	538,706	256,166
Property, plant and equipment at cost:		
Land	2,426	2,195
Building	18,029	-
Machinery and equipment	95,463	62,070
Furniture and fixtures	7,457	4,514
Construction in progress	4,908	1,797
Accumulated depreciation and amortization	(45,645)	(31,336)
Net property, plant and equipment	82,638	39,240
Investment in joint venture	34,316	-
Restricted investments	36,212	12,625
Other assets	29,008	12,909
	\$720,880	\$320,940
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$30,673	\$22,484
Accrued payroll and payroll related liabilities	9,526	9,438
Income taxes payable	5,175	10,959
Other accrued liabilities	18,708	10,085
Deferred income on shipments to distributors	37,568	21,812
Current obligations under capital leases	986	1,324
Total current liabilities	102,636	76,102
Long-term debt	250,000	867
Commitments and contingencies		
Stockholders' equity		
Preferred Stock, \$.01 par value; 2,000 shares authorized; none issued and outstanding	-	-
Common Stock, \$.01 par value; 200,000 shares authorized; 71,933 and 71,658 shares issued; 71,933 and 70,227 shares outstanding at March 31, 1996 and 1995, respectively	719	717
Additional paid-in capital	99,588	85,755
Retained earnings	267,505	166,051
Unrealized gain/(loss) on available-for-sale securities, net of tax	432	(329)
Treasury stock, at cost	-	(8,223)
Total stockholders' equity	368,244	243,971
	\$720,880	\$320,940

<FN>
See accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

	Years ended March 31,		
	1996	1995	1994
Increase (decrease) in Cash and Cash Equivalents			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 101,454	\$ 59,278	\$ 41,279
Adjustments to reconcile net income to net cash provided by operating activities:			
Write-off of in-process technology	19,366	-	-
Depreciation and amortization	22,464	12,241	10,811
Changes in assets and liabilities net of effects of NeoCAD acquisition:			
Accounts receivable	(34,777)	(7,959)	(8,813)
Inventories, including the impact of receipts against advances for wafer purchases	19,375	1,011	(13,536)
Deferred income taxes and other	(783)	(1,685)	(2,293)
Accounts payable, accrued liabilities and income taxes payable	7,408	21,959	10,352
Deferred income on shipments to distributors	15,755	3,153	5,389
Total adjustments net of effects of NeoCAD acquisition	48,808	28,720	1,910
Net cash provided by operating activities	150,262	87,998	43,189
CASH FLOWS FROM INVESTING ACTIVITIES			

Purchases of short-term available-for-sale investments	(292,013)	(75,590)	(38,212)
Proceeds from maturity of short-term available-for-sale investments	92,333	77,193	24,717
Purchases of held-to-maturity investments	(96,141)	(362,625)	-
Proceeds from maturity of held-to-maturity investments	72,555	350,000	-
Advances for wafer purchases	-	(42,000)	-
Acquisition of NeoCAD, net of cash acquired	(33,412)	-	-
Acquisition of property, plant and equipment	(60,506)	(26,227)	(12,334)
Investment in joint venture	(34,316)	-	-
Other	(1,235)	(6,647)	(3,815)
Net cash used in investing activities	(352,735)	(85,896)	(29,644)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of long-term debt	243,901	-	-
Principal payments on capital lease obligations	(1,389)	(1,421)	(2,063)
Proceeds from issuance of common stock	14,151	8,688	5,883
Net cash provided by financing activities	256,663	7,267	3,820
Net increase in cash and cash equivalents	54,190	9,369	17,365
Cash and cash equivalents at beginning of period	56,703	47,334	29,969
Cash and cash equivalents at end of period	\$ 110,893	\$ 56,703	\$ 47,334
SCHEDULE OF NON-CASH TRANSACTIONS:			
Tax benefit from stock options	\$ 7,907	\$ 3,456	\$ 2,417
Issuance of treasury stock under employee stock plans	\$ 8,223	\$ 9,195	-
Receipts against advances for wafer purchases	\$ 32,966	-	-
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Interest paid relating to capital lease obligations	\$ 201	\$ 549	\$ 535
Interest paid relating to reverse repurchase agreements	\$ -	\$ 9,737	\$ -
Income taxes paid	\$ 74,688	\$ 34,730	\$ 24,587
<FN>			
See accompanying notes.			

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Three years ended March 31, 1996	Common Shares	Stock Amount	Additional Paid-in Capital	Retained Earnings	Unrealized Gain/(Loss) on Available For Sale Securities	Treasury Stock	Total Stockholders' Equity
BALANCE AT MARCH 31, 1993	70,272	\$ 703	\$ 74,520	\$ 65,494	-	\$ (17,418)	\$ 123,299
Issuance of common shares under employee stock plans	1,386	14	5,869	-	-	-	5,883
Tax benefit from exercise of stock options	-	-	2,417	-	-	-	2,417
Net income	-	-	-	41,279	-	-	41,279
BALANCE AT MARCH 31, 1994	71,658	717	82,806	106,773	-	(17,418)	172,878
Reissuance of Treasury Stock under employee stock plans	-	-	(507)	-	-	9,195	8,688
Tax benefit from exercise of stock options	-	-	3,456	-	-	-	3,456
Unrealized loss on available-for-sale securities, net of tax	-	-	-	-	(329)	-	(329)
Net income	-	-	-	59,278	-	-	59,278
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
Reissuance 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
<FN>							
See accompanying notes.							

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Xilinx designs, develops and markets programmable logic semiconductor devices

and related development system software. The Company's product lines include field programmable gate arrays and complex programmable logic devices. The wafers used to manufacture the Company's products are obtained from independent wafer manufacturers, located primarily in Japan. 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 Asia Pacific, to provide semiconductor assembly services. Xilinx is a global company with manufacturing facilities in the United States and Ireland and sales offices throughout the world. The Company's products are sold to customers in the data processing, telecommunications, networking, industrial control, instrumentation and military markets. The Company derives more than one-third of its revenues from international sales, primarily in Europe and Japan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CONCENTRATIONS OF RISKS

Basis of presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after elimination of all significant intercompany accounts and transactions. The Company's fiscal year ends on the Saturday nearest March 31. For ease of presentation, March 31 has been utilized as the fiscal year-end for all financial statement captions. Fiscal years 1996, 1995 and 1994 each consisted of 52 weeks.

Cash equivalents and investments

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

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

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market (estimated net realizable value) and are comprised of the following at March 31, 1996 and 1995:

(in thousands)	1996	1995
Raw materials	\$ 5,886	\$ 2,098
Work-in-progress	21,927	16,990
Finished goods	11,425	6,498

\$39,238 \$25,586

Advances for wafer purchases

During fiscal 1995, the Company advanced \$42 million to a primary wafer supplier. Repayment of this amount is in the form of wafer deliveries and is expected to be completed during fiscal 1997. Through March 31, 1996, the Company has received \$33 million in wafers against this advance.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the assets of three to five years for machinery, equipment, furniture and fixtures and up to thirty years for buildings. Assets under capital leases are amortized using the straight-line method over the shorter of the lease term or estimated economic life. Depreciation and amortization for income tax purposes is computed using accelerated methods.

Deferred income on shipments to distributors

Certain of the Company 's sales are made to distributors under agreements allowing for price protection and limited right of return on merchandise unsold by the distributors. Because of the uncertainty associated with future pricing concessions and returns, the Company defers recognition of revenues and related cost of revenues until the merchandise is sold by the distributors.

Foreign currency translation

The US dollar is the functional currency for the Company 's Irish subsidiary. Assets and liabilities that are not denominated in the functional currency are translated 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. Translation adjustments, resulting from the process of translating foreign currency financial statements into US dollars, have not been material and therefore are not disclosed as a separate component of stockholders ' equity.

Derivative financial instruments

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

Long Lived Assets

In 1995, the Financial Accounting Standards Board released the Statement of Financial Accounting Standard No. 121 (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. " SFAS 121 requires recognition of impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. SFAS 121 is effective for fiscal years beginning after December 15, 1995. Adoption of SFAS 121 is not expected to have a material impact on the Company's financial position or results of operations.

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 1995, the Financial Accounting Standards Board released the Statement of Financial Accounting Standard No. 123 (SFAS 123), "Accounting for Stock Based Compensation." SFAS 123 provides an alternative to APB 25 and is effective for fiscal years beginning after December 15, 1995. The Company expects to continue to account for its employee stock plans in accordance with the provisions of APB 25. Accordingly, SFAS 123 is not expected to have a material impact on the Company's financial position or results of operations.

Use of estimates

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

Net income per share

Net income per common and common equivalent share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. Dilutive common equivalent shares consist of stock options (using the treasury stock method). Fully diluted earnings per share is computed using the weighted average common and dilutive common equivalent shares outstanding, plus other dilutive shares which are not common equivalent shares. The effect of the convertible subordinated notes was antidilutive in the calculation of fully diluted earnings per share for the periods presented.

Concentrations of credit risk

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

Concentration of other risks

The semiconductor industry is characterized by rapid technological change, intense competitive pressure and cyclical market patterns. The Company's results of operations are affected by a wide variety of factors, including general economic conditions and conditions specific to the semiconductor industry, decreases in average selling prices over the life of a particular product, the timely receipt of wafers with competitive performance and cost attributes, the ability to locate and qualify additional wafer suppliers and subcontractors, the timing of new product introductions, the timely implementation of new manufacturing technologies, the ability to safeguard patents and intellectual property in a rapidly evolving market, and rapid escalation of demand for some products in the face of equally steep decline in demand for others. As a result, the Company may experience substantial period-to-period fluctuations in future operating results due to the factors mentioned above or other factors.

3. ACQUISITION

On April 10, 1995, the Company acquired NeoCAD, Inc. (NeoCAD), a private company engaged in the design, development and sale of FPGA software design tools for programmable electronic technologies, for \$35 million in cash. The transaction was treated as a purchase for accounting purposes; accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the fair values of liabilities assumed, net of tangible assets acquired, was allocated to in-process technology (\$19.4 million), developed technology (\$15.7 million) and the assembled workforce (\$0.7 million). The amount of in-process technology was written-off as a non-recurring item during the first quarter of fiscal 1996. The developed technology and assembled workforce assets are being amortized over six and two years, respectively. In fiscal 1996, the Company recorded amortization of \$2.6 million and \$0.3 million relating to the developed technology and assembled workforce assets, respectively.

The following pro forma information reflects the statements of income for the years ended March 31, 1996 and March 31, 1995 as if the acquisition had occurred at the beginning of fiscal 1995, and includes certain adjustments for amortization of the developed technology and assembled workforce assets, reduced interest income and the related income tax impact. The pro forma

(in thousands)	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
Restricted investments:								
US Treasury securities	\$ 36,212	\$ -	\$ -	\$ 36,212	\$ 12,625	\$ -	\$ -	\$ 12,625

Held-to-maturity securities relate to certain collateral requirements for lease agreements associated with the Company's corporate facilities and have maturities due in one year or less. See Note 6 of Notes to Consolidated Financial Statements.

Derivatives

The Company enters into currency forward and option contracts to minimize foreign exchange risk relating to the Company's purchase of wafers, which are primarily denominated in yen. At March 31, 1996, commitments under option contracts to purchase yen in fiscal 1997 were outstanding in the aggregate amount of \$18.1 million. These contracts are accounted for as identifiable hedges against wafer purchases. Realized gains or losses are recognized upon maturity of the contracts and are included in cost of sales. At March 31, 1996, the fair value of these option contracts was immaterial based on market exchange rates. The maturities on these contracts is less than twelve months.

The Company has entered into foreign exchange forward contracts to eliminate the impact of future exchange fluctuations on the US dollar cost of investing in the USI joint venture. The contracts require the Company to exchange US dollars for New Taiwan dollars and have maturities from nine to twenty-one months. The contracts are accounted for as a hedge of an identifiable foreign currency commitment. Realized gains or losses will be recognized upon maturity of the contracts and will be included in the USI joint venture investment. At March 31, 1996, the outstanding foreign exchange contracts related to the USI joint venture were \$101.7 million and these contracts had an unrealized gain of \$1.5 million, which represents their fair value based on market exchange rates.

The Company has entered into a two and one half year interest rate swap agreement with a third party in order to reduce risk related to movements in interest rates. Under the agreement, which is effective starting in May 1996, the Company has effectively converted the fixed rate interest rate payments related to \$125 million of the Company's convertible subordinated notes to variable rate interest payments without the exchange of the underlying principal amounts. The Company will receive fixed interest rate payments (equal to 5.935%) from the third party and is obligated to make variable rate payments (equal to the three month LIBOR rate) to the third party during the term of the agreement. The net amount of interest payments received from the third party and interest payments made by the Company to the third party will be included in interest expense.

During 1995, the Company completed a reverse repurchase transaction relating to \$350 million of U.S. Treasury Securities. The transaction was entered into with the intent of generating net interest income in an increasing interest rate environment and capital gains that could be used to offset previously incurred capital losses relating to the non-recurring \$2.5 million write-off of the investment in Star Semiconductor. As a result of this transaction, the Company recorded approximately \$9.7 million of interest expense, \$4.7 million of interest income and \$4.8 million of bond premium amortization in 1995. Although the Company has generally invested in more conventional investments, such as municipal bonds, the Company believes that the short sale of U.S. Treasury Securities met the Company's investment objectives in 1995. Future investment strategies will be made in accordance with investment policies designed to preserve and enhance corporate assets as such strategies may be adopted from time to time by the Company's Board of Directors.

Long-Term Debt and Lines of Credit

In November 1995, the Company completed a private placement of \$250 million aggregate principal convertible subordinated notes under Rule 144A of the Securities Act of 1933. The notes, which mature in 2002, are convertible at the option of the note holders into the Company's common stock at a conversion price of \$51 per share, subject to adjustment upon the occurrence of certain events. The conversion price represented a 24.77% premium over the closing price of the Company's stock on November 7, 1995. Interest is payable semi-annually at 5.25% per annum. At any time on or after November 4, 1997, the notes are redeemable at the option of the Company at an initial redemption price of 103.75% of the principal amount, except that prior to

November 3, 1998, the notes are not redeemable unless the closing price of the Company 's common stock has exceeded \$71.40 (40% premium over the conversion price) per share for twenty trading days within a period of thirty consecutive trading days. Redemption prices as a percentage of the principal amount are 103.00%, 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 1996, the Company recorded debt issuance cost amortization of \$0.4 million. At March 31, 1996, the fair value of the convertible subordinated notes was approximately \$233.8 million based on quoted market prices. The Company has reserved 4,901,961 shares of common stock for the conversion of these notes.

The Company has \$40 million available under a multicurrency revolving credit line agreement which expires on March 1, 1998. Under this agreement, borrowings bear interest at the bank 's reference rate or 0.75% over the bank 's interbank market rate depending on the currency borrowed. Additionally, the Company 's Irish subsidiary has \$7 million available under a multicurrency credit line. Under this agreement, borrowings bear interest at 0.75% over the bank 's prime rate. At March 31, 1996, no borrowings were outstanding under either credit line. The agreements require the Company to comply with certain covenants and maintain certain financial ratios. The agreements prohibit the payment of cash dividends without prior bank approval.

6. COMMITMENTS

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

Year Ended March 31: (in thousands)	

1997	\$ 4,462
1998	3,944
1999	2,979
2000	2,275
2001	206
Thereafter	2,209

	\$ 16,075

<FN>

Rent expense for the years ended March 31, 1996, 1995 and 1994 was approximately \$4.3 million, \$4 million and \$3.5 million, respectively.

The Company has entered into lease agreements relating to its corporate facilities which would allow the Company to purchase the facilities on or before the end of the lease term in December 1999. If at the end of the lease term the Company does not purchase the property under lease or arrange a third party purchase, then the Company would be obligated to the lessor for a guarantee payment equal to a specified percentage of the Company 's purchase price for the property. The Company would also be obligated to the lessor for all or some portion of this amount if the price paid by the third party is below a specified percentage of the Company 's purchase price. The Company is also required to comply with certain covenants and maintain certain financial ratios. As of March 31, 1996, 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.

7. STOCKHOLDERS ' EQUITY

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

Treasury stock

The Company authorized a stock buyback program in June 1992 to repurchase up to 4,500,000 shares of common stock. The Company has used the shares actually repurchased to meet the stock requirements of the Company 's Stock Option and Employee Qualified Stock Purchase Plans. Under this program, the Company repurchased 3,030,000 shares of its common stock on the open market during 1993 for a total cost of \$17.4 million. During 1996 and 1995, the Company issued 1,430,502 and 1,599,498, respectively, of these shares in response to stock option exercises and stock purchase plan requirements. At March 31, 1996, there were no shares of treasury stock outstanding.

Employee qualified stock purchase plan

Under the Company 's 1990 Employee Qualified Stock Purchase Plan (the Stock Purchase Plan), qualified employees are entitled to purchase shares of common stock at 85% of the fair market value at certain specified dates. Of the 2,925,000 shares authorized to be issued under this plan, 537,451 and 635,466 shares were issued during 1996 and 1995, respectively, and 252,050 shares were available for issuance at March 31, 1996. In March 1996, the Company 's Board of Directors amended the Stock Purchase Plan to increase the number of shares for issuance thereunder by 460,000 shares, subject to shareholder approval in fiscal 1997.

Employee stock option plan

The Company has adopted the 1988 Stock Option Plan (the Option Plan) under which a total of 32,781,000 common shares has been reserved for issuance to employees, directors, and consultants of the Company. Options to purchase shares of the Company 's common stock under the Option Plan may be granted at not less than 85% of the fair value of the stock on the date of grant. To date, no shares have been issued at less than 100% of the fair value. Options granted to date expire ten years from date of grant and vest at varying rates over five years. In March 1996, the Company 's Board of Directors amended the Option Plan to increase the number of shares reserved for issuance thereunder by 3,300,000 shares, subject to shareholder approval in fiscal 1997.

Additional information relative to the Option Plan is as follows:

(in thousands)	Shares Available For Grant	Outstanding Number of Shares	Options Aggregate Price
Balance March 31, 1993	3,936	6,396	\$ 28,052
Options granted	(3,993)	3,993	52,889
Options exercised	-	(849)	(2,493)
Options canceled	99	(99)	(706)
Balance March 31, 1994	42	9,441	77,742
Options authorized	4,800	-	-
Options granted	(3,540)	3,540	56,083
Options exercised	-	(962)	(4,048)
Options canceled	567	(567)	(6,035)
Balance March 31, 1995	1,869	11,452	123,742
Options authorized	3,000	-	-
Options granted	(3,971)	3,971	122,885
Options exercised	-	(1,169)	(7,277)
Options canceled	366	(366)	(6,288)
Balance March 31, 1996	1,264	13,888	\$ 233,062
Options exercisable at: March 31, 1995		3,543	\$ 20,796

March 31, 1996

4,577 \$ 39,960

The range of exercise prices for options outstanding at March 31, 1996 was \$0.12 to \$48.13. Prices for options exercised during the three year period ended March 31, 1996 ranged from \$0.12 to \$23.42.

Stock split

On July 26, 1995, the Company's stockholders approved a 3-for-1 stock split, in the form of a 200% dividend, payable to stockholders of record as of July 28, 1995. Shares, per share amounts, common stock at par value, and additional paid in capital have been restated to reflect the stock split for all periods presented.

Stockholder Rights Plan

In October 1991, the Company adopted a stockholder rights plan and declared a dividend distribution of one common stock purchase right for each outstanding share of its 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.

8. INCOME TAXES

The provision for taxes on income consists of:

		(in thousands)		
Years ended March 31,		1996	1995	1994
Federal:	Current	\$64,917	\$34,698	\$23,914
	Deferred	(7,004)	(5,009)	(2,481)
		57,913	29,689	21,433
State:	Current	10,343	6,748	4,589
	Deferred	(363)	(1,167)	(83)
		9,980	5,581	4,506
Foreign:	Current	1,555	297	218
	Deferred	-	-	-
		1,555	297	218
TOTAL		\$69,448	\$35,567	\$26,157

The tax benefits associated with the disqualifying dispositions of stock options or employee stock purchase plan shares reduce taxes currently payable by \$7.9 million, \$3.5 million and \$2.4 million for 1996, 1995, and 1994, respectively. Such benefits are credited to additional paid-in capital when realized.

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,	1996	1995	1994
Income before provision for taxes	\$170,902	\$ 94,845	\$67,436
Federal statutory tax rate	35%	35%	35%
Computed expected tax	\$ 59,816	\$ 33,196	\$23,602
State taxes net of federal benefit	6,487	3,627	2,929
Tax exempt interest	(2,552)	(1,155)	(930)
Write-off of NeoCAD in-process technology	7,069	-	-
Other	(1,372)	(101)	556
Provision for taxes on income	\$ 69,448	\$ 35,567	\$26,157

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

(in thousands)

Years ended March 31,	1996	1995	1994
Deferred tax assets:			
Inventory valuation differences	\$ 3,887	\$ 3,393	\$ 2,689
Deferred income on shipments to distributors	15,917	9,232	5,459
Nondeductible accrued expenses	7,778	6,245	4,765
Depreciation and amortization	(3,082)	1,524	1,620
Other	897	1,000	362
Total	25,397	21,394	14,895
Deferred tax liabilities:			
Other	(264)	(483)	(357)
Total net deferred tax assets	\$ 25,133	\$ 20,911	\$14,538

9. INDUSTRY AND GEOGRAPHIC INFORMATION

The Company operates in one single industry segment comprising the design, development and marketing of programmable logic semiconductor devices and the related development system software.

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:	1996	1995	1994
US exports to Europe	\$ 70,124	\$ 68,616	\$46,645
US exports to Japan	50,957	27,199	15,064
US exports to Rest of World	18,288	13,714	11,502
	\$139,369	\$109,529	\$73,211

During fiscal 1996, the Company began operations in its European manufacturing facility. Geographic information for fiscal 1996 is presented in the tables below. Foreign operations prior to fiscal 1996 were not material.

(in thousands) Fiscal Year	Net Revenues	Income Before Taxes	Identifiable Assets
1996			
United States	\$ 482,615	\$157,872	\$ 650,979
Europe	78,187	12,854	68,861
Other	-	176	1,040
	\$ 560,802	\$170,902	\$ 720,880

No single end customer accounted for more than 6% of revenues in 1996 or 1995 and 4% of revenues in 1994. Approximately 13%, 14% and 14% of net product revenues were made through the Company's largest domestic distributor in 1996, 1995 and 1994 respectively, and another domestic distributor accounted for 10% of net product revenues in 1996 and 1995 and 12% of net product revenues in 1994.

10. LITIGATION

On June 7, 1993, the Company filed suit against Altera Corporation (Altera) in the United States District Court for the Northern District of California for infringement of certain of the Company's patents. Subsequently, Altera filed suit against the Company alleging that certain of the Company's products infringe certain Altera patents. Fact discovery has been completed in both cases. No trial date has been set. The Court has stayed further proceedings in both cases until August 30, 1996 when the next status conference with the Court is scheduled.

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

Due to the uncertain nature of the litigation with Altera and because the lawsuits are still in the pre-trial stage, 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 based on information presently known to management, and the future outcome could differ.

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.

11. SUBSEQUENT EVENT (UNAUDITED)

On May 17, 1996, the Company signed an agreement with Seiko Epson Corporation (Seiko), a primary wafer supplier. The agreement provides for an advance to Seiko of \$200 million to be used in the construction of a wafer fabrication facility in Japan which will provide access to eight-inch sub-micron wafers. In conjunction with the agreement, \$30 million was paid in May 1996 and additional installments of \$30 million are scheduled for November 1, 1996, May 1, 1997, November 1, 1997 and February 1, 1998 or upon the start of mass production, whichever is later. The final installment for the advance payment of \$50 million is due on or after the later of April 1, 1998 and the date the outstanding balance of the advance payment is less than \$125 million. As a result, the maximum outstanding amount of the advance payment at any time is \$175 million. Repayment of this advance will be in the form of wafer

deliveries expected to begin in the first half of 1998. In addition to the advance payments, the Company will provide further funding to Seiko in the amount of \$100 million. This additional funding will be paid after the final installment of the \$200 million advance and the form of the additional funding will be negotiated at that time.

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, 1996 and 1995, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 1996. 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, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 1996, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

San Jose, California
April 17, 1996

Supplementary Financial Data
(in thousands, except per share amounts)

QUARTERLY DATA (UNAUDITED)

	Year Ended March 31, 1996			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	-----	-----	-----	-----
Net revenues	\$125,760	\$ 141,212	\$ 144,123	\$149,707
Gross margin	77,254	89,598	92,451	98,307
Operating income	18,069 *	45,675	49,318	52,694
Net income	5,548 *	29,826	32,190	33,890
Net income per share	\$ 0.07 *	\$ 0.37	\$ 0.41	\$ 0.43
Shares used in per share calculations	77,489	79,601	79,106	79,622
=====	=====	=====	=====	=====

<FN>

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

	Year Ended March 31, 1995			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	-----	-----	-----	-----
Net revenues	\$ 75,150	\$ 79,507	\$ 91,283	\$109,190
Gross margin	45,991	48,816	55,602	66,229
Operating income	18,831	18,029 *	24,377	30,811
Net income	12,013	11,819 *	15,573	19,873
Net income per share	\$ 0.16	\$ 0.16 *	\$ 0.21	\$ 0.26
Shares used in per share calculations	73,023	72,843	74,778	75,798
	=====	=====	=====	=====

<FN>

*After non-recurring charge for the write-off of a minority investment of \$2,500 and \$0.02 per 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 part of this annual report.
- (2) The Financial Statement Schedule required by Item 14 (a) is filed as part of this annual report.

Schedules not filed have been omitted because they are not applicable, are not required or the information required to be set forth therein is included in the financial statements or notes thereto.

- (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 1996.

(c) Exhibits.

Exhibit Number	Description
3.1 (2)	Restated Certificate of Incorporation of the Company, as amended to date.
3.2 (1)	Bylaws of the Company, as amended to date.
4.1 (3)	Preferred Shares Rights Agreement dated as of October 4, 1991 between the Company and The First National Bank of Boston, as Rights Agent.
10.1 (1)	Technology Transfer Agreement and Preferred Shares and Warrant Purchase Agreement for Series E Preferred Stock and Series F Preferred Stock dated June 9, 1986 between the Company and Monolithic Memories, Inc.
10.2 (1)	Common Stock Purchase Agreement dated March 19, 1990 between the Company and Advanced Micro Devices, Inc.
10.3 (8)	Lease dated March 27, 1995 for adjacent facilities at 2055 Logic Drive and 2065 Logic Drive, San Jose, California.
10.4 (8)	First Amendment to Master Lease dated April 27, 1995 for the Company's facilities at 2100 Logic Drive and 2101 Logic Drive, San Jose, California.
10.5*	1988 Stock Option Plan, as amended.
10.6*	1990 Employee Qualified Stock Purchase Plan, as amended.
10.7 (1) *	Form of Indemnification Agreement between the Company and its officers and directors.
10.8 (4) (6)	Patent Cross License Agreement dated as of April 22, 1993 between the Company and Actel Corporation.
10.9.1 (5)	Agreement and Plan of Reorganization dated as of March 29, 1995, among Registrant, NeoCAD, Inc. and XNX Acquisition Corporation.
10.9.2 (5)	Certificate of Merger filed on April 10, 1995 between NeoCAD, Inc. and XNX Acquisition Corporation.
10.10 (7)	Employment Offer Letter dated August 5, 1994.
10.11.1 (6) (9)	Foundry Venture Agreement dated as of September 14, 1995 between the Company and United Microelectronics Corporation ("UMC").
10.11.2 (6) (9)	Fabven Foundry Capacity Agreement dated as of September 14, 1995 between the Company and UMC.
10.11.3 (6) (9)	Written Assurances Re Foundry Venture Agreement dated as of September 29, 1995 between UMC and the Company.
10.12	Indenture dated November 1, 1995 between the Company and State Street Bank and Trust Company.
10.13	Letter Agreement dated as of January 22, 1996 of the Company to Willem P. Roelandts.
10.14	Separation Agreement dated as of April 8, 1996 between the Company and Curtis Wozniak.
10.15	Consulting Agreement dated as of June 1, 1996 between the Company and Bernard V. Vonderschmitt.
10.16 (6)	Advance Payment Agreement entered into on May 17, 1996 between Seiko Epson Corporation and the Company.
11	Statement of Computation of Net Income Per Share.
12	Statement of Computation of Ratios of Earnings to Fixed Charges.
22.1	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP, Independent Auditors.

-
- (1) Filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 33-34568) which was declared effective June 11, 1990.
 - (2) Filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 1991.
 - (3) Filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 33-43793) effective November 26, 1991.
 - (4) Filed as an exhibit to the Company 's Annual Report on Form 10-K for the fiscal year ended April 3, 1993.
 - (5) Filed as an exhibit to the Company's Current Report on Form 8-K filed on April 18, 1995.
 - (6) Confidential treatment requested as to certain portions of these exhibits.
 - (7) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 1994.
 - (8) Filed as an exhibit to the company's Annual Report on Form 10-K for the fiscal year ended April 1, 1995.
 - (9) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995.
- * Denotes a management contract or compensatory plan or arrangement.

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 20th day of June, 1996.

XILINX, INC.

By: /s/Willem P. Roelandts

Willem P. Roelandts,
Chief Executive Officer

XILINX, INC.
AND
STATE STREET BANK AND TRUST COMPANY

Trustee

INDENTURE

Dated as of November 1, 1995

5 1/4% Convertible Subordinated Notes due 2002

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INDENTURE dated as of November 1, 1995, between Xilinx, Inc., a Delaware corporation (hereinafter sometimes called the "Company", as more fully set forth in Section 1.1), and State Street Bank and Trust Company, a trust company duly organized and

existing under the laws of the Commonwealth of Massachusetts, as trustee hereunder (hereinafter sometimes called the "Trustee", as more fully set forth in Section 1.1).

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issue of its 5 1/4% Convertible Subordinated Notes due 2002 (hereinafter sometimes called the "Notes"), in an aggregate principal amount not to exceed \$287,500,000 and, to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Notes, the certificate of authentication to be borne by the Notes, a form of assignment, a form of option to elect repayment upon a Fundamental Change, a form of conversion notice and a certificate of transfer to be borne by the Notes are to be substantially in the forms hereinafter provided for; and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee or a duly authorized authenticating agent, as in this Indenture provided, the valid, binding and legal obligations of the Company, and to constitute these presents a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issue hereunder of the Notes have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Notes by the holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Notes (except as otherwise provided below), as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The terms defined in this Section 1.1 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.1. All other terms used in this Indenture that are defined in the Trust Indenture Act or which are by reference therein defined in the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of the execution of this Indenture. The words "herein," "hereof," "hereunder," and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other Subdivision. The terms defined in this Article include the plural as well as the singular.

Affiliate: The term "Affiliate" of any specified Person shall mean any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control," when used with respect to any specified Person means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Applicable Price: The term "Applicable Price" shall mean (i) in the event of a Fundamental Change in which the holders of the Company's Common Stock receive only cash, the amount of cash received by the holder of one share of Common Stock and (ii) in the event of any other Fundamental Change, the arithmetic average

of the Closing Price for the Company's Common Stock (determined as set forth in Section 15.5(h)) during the ten Trading Days (as defined in Section 15.5(h)) prior to the record date for the determination of the holders of Common Stock entitled to receive cash, securities, property or other assets in connection with such Fundamental Change, or, if there is no such record date, the date upon which the holders of the Common Stock shall have the right to receive such cash, securities, property or other assets in connection with the Fundamental Change.

Board of Directors: The term "Board of Directors" shall mean the Board of Directors of the Company or a committee of such Board duly authorized to act for it hereunder.

Business Day: The term "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which the banking institutions in The City of New York, San Jose, California or the city in which the Corporate Trust Office is located are authorized or obligated by law or executive order to close or be closed.

Closing Price: The term "Closing Price" shall have the meaning specified in Section 15.5(h)(1).

Commission: The term "Commission" shall mean the Securities and Exchange Commission.

Common Stock: The term "Common Stock" shall mean any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company. Subject to the provisions of Section 15.6, however, shares issuable on conversion of Notes shall include only shares of the class designated as common stock of the Company at the date of this Indenture or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which are not subject to redemption by the Company; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

Company: The term "Company" shall mean Xilinx, Inc., a Delaware corporation, and subject to the provisions of Article XII, shall include its successors and assigns.

Conversion Price: The term "Conversion Price" shall have the meaning specified in Section 15.4.

Corporate Trust Office: The term "Corporate Trust Office" or other similar term, shall mean the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office is, at the date as of which this Indenture is dated, located at 2 International Place, 4th Floor, Boston, Massachusetts 02110, Attention: Corporate Trust Division (Xilinx, Inc., 5 1/4% Convertible Subordinated Notes due 2002).

Custodian: The term "Custodian" shall mean State Street Bank and Trust Company, as custodian with respect to the Notes in global form, or any successor entity thereto.

default: The term "default" shall mean any event that is, or after notice or passage of time, or both, would be, an Event of Default.

Depository: The term "Depository" means, with respect to the Notes issuable or issued in whole or in part in global form, the person specified in Section 2.5(d) as the Depository with respect to such Notes, until a successor shall have been

appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "Depository" shall mean or include such successor.

Designated Senior Indebtedness: The term "Designated Senior Indebtedness" means any particular Senior Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which the Company is a party) expressly provides that such Indebtedness shall be "Designated Senior Indebtedness" for purposes of the Indenture (provided that such instrument, agreement or other document may place limitations and conditions on the right of such Senior Indebtedness to exercise the rights of Designated Senior Indebtedness).

Exchange Act: The term "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

Event of Default: The term "Event of Default" shall mean any event specified in Section 7.1(a), (b), (c), (d) or (e).

Fundamental Change: The term "Fundamental Change" means the occurrence of any transaction or event in connection with which all or substantially all the Common Stock shall be exchanged for, converted into, acquired for or constitute the right to receive consideration (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise) which is not all or substantially all common stock which is (or will, upon consummation of or immediately following such transaction or event, be) listed on a national securities exchange or approved for quotation in the Nasdaq National Market or any similar United States system of automated dissemination of quotations of securities prices.

Indebtedness: The term "Indebtedness" means, with respect to any Person, and without duplication, (a) all indebtedness, obligations and other liabilities (contingent or otherwise) of such Person for borrowed money (including obligations of the Company in respect of overdrafts, foreign exchange contracts, currency exchange agreements, interest rate protection agreements, and any loans or advances from banks, whether or not evidenced by notes or similar instruments) or evidenced by bonds, debentures, notes or similar instruments (whether or not the recourse of the lender is to the whole of the assets of such Person or to only a portion thereof) (other than any account payable or other accrued current liability or obligation incurred in the ordinary course of business in connection with the obtaining of materials or services), (b) all reimbursement obligations and other liabilities (contingent or otherwise) of such Person with respect to letters of credit, bank guarantees or bankers' acceptances, (c) all obligations and liabilities (contingent or otherwise) in respect of leases of such Person as lessee required, in conformity with generally accepted accounting principles, to be accounted for as capitalized lease obligations on the balance sheet of such Person and all obligation and other liabilities (contingent or otherwise) under any lease or related document (including a purchase agreement) which provides that such Person is contractually obligated to purchase or cause a third party to purchase the leased property and thereby guarantee a minimum residual value of the leased property to the landlord and the obligations of such Person under such lease or related document to purchase or to cause a third party to purchase such leased property, (d) all obligations of such Person (contingent or otherwise) with respect to an interest rate or other swap, cap or collar agreement or other similar instrument or agreement or foreign currency hedge, exchange, purchase or similar instrument or agreement, (e) all direct or indirect guaranties or similar agreements by such Person in respect of, and obligations or liabilities (contingent or otherwise) of such Person to purchase or otherwise acquire or otherwise assure a creditor against loss in respect of indebtedness, obligations or liabilities of another Person of the kind described in clauses (a) through (d), (f) any

indebtedness or other obligations described in clauses (a) through (d) secured by any mortgage, pledge, lien or other encumbrance existing on property which is owned or held by such Person, regardless of whether the indebtedness or other obligation secured thereby shall have been assumed by such Person and (g) any and all deferrals, renewals, extensions and refundings of, or amendments, modifications or supplements to, any indebtedness, obligation or liability of the kind described in clauses (a) through (f).

Indenture: The term "Indenture" shall mean this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

Initial Purchasers: The term "Initial Purchasers" means Morgan Stanley & Co. Incorporated, Alex. Brown & Sons Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Hambrecht & Quist LLC and Needham & Company, Inc.

Note or Notes: The terms "Note" or "Notes" shall mean any Note or Notes, as the case may be, authenticated and delivered under this Indenture.

Noteholder or holder: The terms "Noteholder" or "holder" as applied to any Note, or other similar terms (but excluding the term "beneficial holder"), shall mean any person in whose name at the time a particular Note is registered on the Note registrar's books.

Note register: The term "Note register" shall have the meaning specified in Section 2.5.

Officers' Certificate: The term "Officers' Certificate," when used with respect to the Company, shall mean a certificate signed by both (a) the President, the Chief Executive Officer, Executive or Senior Vice President or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President") and (b) by the Treasurer or any Assistant Treasurer or Secretary or any Assistant Secretary of the Company.

Opinion of Counsel: The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, or other counsel acceptable to the Trustee.

outstanding: The term "outstanding," when used with reference to Notes, shall, subject to the provisions of Section 9.4, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except

(a) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Notes, or portions thereof, for the redemption of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent); provided that if such Notes are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article III provided, or provision satisfactory to the Trustee shall have been made for giving such notice;

(c) Notes in lieu of which, or in substitution for which, other Notes shall have been authenticated and delivered pursuant to the terms of Section 2.6 unless proof satisfactory to the Trustee is presented that any such Notes are held by bona fide holders in due course; and

(d) Notes converted into Common Stock pursuant to Article XV and Notes deemed not outstanding pursuant to Article III.

Payment Blockage Notice: The term "Payment Blockage Notice" has the meaning specified in Section 4.2.

Person: The term "Person" shall mean a corporation, an association, a partnership, an individual, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

PORTAL Market: The term "PORTAL Market" shall mean the Private Offerings, Resales and Trading through Automated Linkages Market operated by the National Association of Securities Dealers, Inc. or any successor thereto.

Predecessor Note: The term "Predecessor Note" of any particular Note shall mean every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.6 in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same debt as the lost, destroyed or stolen Note that it replaces.

QIB: The term "QIB" shall mean a "qualified institutional buyer" as defined in Rule 144A.

Reference Market Price: The term "Reference Market Price" shall initially mean \$27.25 and in the event of any adjustment to the Conversion Price pursuant to Sections 15.5(a), (b), (c), (d), (e), (f) or (g), the Reference Market Price shall also be adjusted so that the ratio of the Reference Market Price to the Conversion Price after giving effect to any such adjustment shall always be the same as the ratio of \$27.25 to the initial Conversion Price specified in the form of Note attached hereto (without regard to any adjustment thereto).

Registration Rights Agreement: The term "Registration Rights Agreement" means that certain Registration Rights Agreement, dated as of November 1, 1995, between the Company and the Initial Purchasers.

Regulation S: The term "Regulation S" shall mean Regulation S as promulgated under the Securities Act.

Responsible Officer: The term "Responsible Officer," when used with respect to the Trustee, shall mean an officer of the Trustee in the Corporate Trust Office assigned and duly authorized by the Trustee to administer its corporate trust matters.

Restricted Securities: The term "Restricted Securities" has the meaning specified in Section 2.5.

Rights Agreement: The term "Rights Agreement" means that certain Preferred Shares Rights Agreement, dated as of October 4, 1991, between the Company and The First National Bank of Boston, as amended from time to time.

Rights: The term "Rights" shall mean "Rights" as such term is defined in the Rights Agreement.

Rule 144A: The term "Rule 144A" shall mean Rule 144A as promulgated under the Securities Act.

Securities Act: The term "Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Senior Indebtedness: The term "Senior Indebtedness" means the principal of, premium, if any, interest (including all interest accruing subsequent to the commencement of any bankruptcy or similar proceeding, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding) and rent payable on or in connection with, and all fees, costs, expenses and other amounts accrued or due on or in connection with, Indebtedness of the Company, whether outstanding on the

date of this Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to the foregoing), unless in the case of any particular Indebtedness the instrument creating or evidencing the same or the assumption or guarantee thereof expressly provides that such Indebtedness shall not be senior in right of payment to the Notes or expressly provides that such Indebtedness is "pari passu" or "junior" to the Notes. Notwithstanding the foregoing, the term Senior Indebtedness shall not include any Indebtedness of the Company to any subsidiary of the Company, a majority of the voting stock of which is owned, directly or indirectly, by the Company.

Subsidiary: The term "Subsidiary" means, with respect to any person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other subsidiaries of that person (or a combination thereof) and (ii) any partnership (a) the sole general partner or managing general partner of which is such person or a subsidiary of such person or (b) the only general partners of which are such person or of one or more subsidiaries of such person (or any combination thereof).

Trading Day: The term "Trading Day" shall have the meaning specified in Section 15.5(h) (5).

Trigger Event: The term "Trigger Event" shall have the meaning specified in Section 15.5(d).

Trust Indenture Act: The term "Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended, as it was in force at the date of execution of this Indenture, except as provided in Sections 11.3 and 15.6; provided, however, that in the event the Trust Indenture Act of 1939 is amended after the date hereof, the term "Trust Indenture Act" shall mean, to the extent required by such amendment, the Trust Indenture Act of 1939 as so amended.

Trustee: The term "Trustee" shall mean State Street Bank and Trust Company and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

The definitions of certain other terms are as specified in Sections 2.5 and 3.5 and Article XV.

ARTICLE II

ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF NOTES

Section 2.1 Designation, Amount and Issue of Notes. The Notes shall be designated as "5 1/4% Convertible Subordinated Notes due 2002." Notes not to exceed the aggregate principal amount of \$250,000,000 (or \$287,500,000 if the over-allotment option set forth in Section 7 of the Placement Agreement dated November 7, 1995 (as amended from time to time by the parties thereto) by and between the Company and the Initial Purchasers is exercised in full) (except pursuant to Sections 2.5, 2.6, 3.3, 3.5 and 15.2 hereof) upon the execution of this Indenture, or from time to time thereafter, may be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes to or upon the written order of the Company, signed by its (a) President, Executive or Senior Vice President or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President") and (b) Treasurer or Assistant Treasurer or its Secretary or any Assistant Secretary, without any further action by the Company hereunder.

Section 2.2 Form of Notes. The Notes and the Trustee's certificate of authentication to be borne by such Notes shall be substantially in the form set forth in Exhibit A, which is incorporated in and made a part of this Indenture.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends and endorsements as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Notes may be listed, or to conform to usage.

Any Note in global form shall represent such of the outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect transfers or exchanges permitted hereby. Any endorsement of a Note in global form to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in such manner and upon instructions given by the holder of such Notes in accordance with this Indenture. Payment of principal of and interest and premium, if any, on any Note in global form shall be made to the holder of such Note.

The terms and provisions contained in the form of Note attached as Exhibit A hereto shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Section 2.3 Date and Denomination of Notes; Payments of Interest. The Notes shall be issuable in registered form without coupons in denominations of \$1,000 principal amount and integral multiples thereof. Every Note shall be dated the date of its authentication, shall bear interest from the applicable date in each case as specified on the face of the form of Note attached as Exhibit A hereto.

The person in whose name any Note (or its Predecessor Note) is registered at the close of business on any record date with respect to any interest payment date (including any Note that is converted after the record date and on or before the interest payment date) shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancellation of such Note upon any transfer, exchange or conversion subsequent to the record date and on or prior to such interest payment date; provided, that in the case of any Note, or portion thereof, called for redemption on a redemption date or redeemed in connection with a Fundamental Change on a Repurchase Date that is after a record date and prior to (but excluding) the next succeeding interest payment date, interest shall not be paid to the person in whose name the Note, or portion thereof, is registered on the close of business on such record date and the Company shall have no obligation to pay interest on such Note or such portion except to the extent required to be paid upon redemption of such Note or portion thereof pursuant to Section 3.3 or 3.5 hereof. Interest may, at the option of the Company, be paid by check mailed to the address of such person on the registry kept for such purposes; provided that, with respect to any holder of Notes with an aggregate principal amount equal to or in excess of \$5,000,000, at the request of such holder in writing to the Company (who shall then furnish written notice to such effect to the Trustee), interest on such holder's Notes shall be paid by wire transfer in immediately available funds in accordance with the wire transfer instructions supplied by such holder to the Trustee and paying agent (if different from the Trustee). The term "record date" with respect to any interest

payment date shall mean the April 15 or October 15 preceding said May 1 or November 1, respectively.

Interest on the Notes shall be computed on the basis of a year of twelve 30-day months.

Any interest on any Note which is payable, but is not punctually paid or duly provided for, on any said May 1 or November 1 (herein called "Defaulted Interest") shall forthwith cease to be payable to the Noteholder on the relevant record date by virtue of his having been such Noteholder; and such Defaulted Interest shall be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest to be paid on each Note and the date of the payment (which shall be not less than twenty-five (25) days after the receipt by the Trustee of such notice, unless the Trustee shall consent to an earlier date), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a special record date for the payment of such Defaulted Interest which shall be not more than fifteen (15) days and not less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such special record date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the special record date therefor to be mailed, first-class postage prepaid, to each Noteholder as of such special record date at his address as it appears in the Note register, not less than ten (10) days prior to such special record date. Notice of the proposed payment of such Defaulted Interest and the special record date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Notes (or their respective Predecessor Notes) were registered at the close of business on such special record date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange and automated quotation system on which the Notes may be listed or designated for issuance, and upon such notice as may be required by such exchange and automated quotation system, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Section 2.4 Execution of Notes. The Notes shall be signed in the name and on behalf of the Company by the facsimile signature of its President, any Executive or Senior Vice President or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President") and attested by the facsimile signature of its Secretary or any of its Assistant Secretaries (which may be printed, engraved or otherwise reproduced thereon, by facsimile or otherwise). Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth on the form of Note attached as Exhibit A hereto, manually executed by the Trustee (or an authenticating agent appointed by the Trustee as provided by Section 16.11), shall be entitled to

the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee (or such an authenticating agent) upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

In case any officer of the Company who shall have signed any of the Notes shall cease to be such officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the person who signed such Notes had not ceased to be such officer of the Company; and any Note may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Note, shall be the proper officers of the Company, although at the date of the execution of this Indenture any such person was not such an officer.

Section 2.5 Exchange and Registration of Transfer of Notes: Restrictions on Transfer: Depositary.

(a) The Company shall cause to be kept at the Corporate Trust Office a register (the register maintained in such office and in any other office or agency of the Company designated pursuant to Section 5.2 being herein sometimes collectively referred to as the "Note register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. The Note register shall be in written form or in any form capable of being converted into written form within a reasonably prompt period of time. The Trustee is hereby appointed "Note registrar" for the purpose of registering Notes and transfers of Notes as herein provided. The Company may appoint one or more co-registrars in accordance with Section 5.2.

Upon surrender for registration of transfer of any Note to the Note registrar or any co-registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.5, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at any such office or agency maintained by the Company pursuant to Section 5.2. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Noteholder making the exchange is entitled to receive bearing registration numbers not contemporaneously outstanding.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

All Notes presented or surrendered for registration of transfer or for exchange, redemption or conversion shall (if so required by the Company or the Note registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company, and the Notes shall be duly executed by the Noteholder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any tax, assessment or other governmental charge that may be imposed in connection

with any registration of transfer or exchange of Notes.

Neither the Company nor the Trustee nor any Note registrar or any Company-registrar shall be required to exchange or register a transfer of (a) any Notes for a period of fifteen (15) days next preceding any selection of Notes to be redeemed or (b) any Notes or portions thereof called for redemption pursuant to Article III or (c) any Notes or portion thereof surrendered for conversion pursuant to Article XV.

(b) So long as the Notes are eligible for book-entry settlement with the Depository, unless otherwise required by law, all Notes to be traded on the PORTAL Market or to a Person who is not a U.S. Person (as defined in Regulation S) who is acquiring the Note in an offshore transaction (a "Non-U.S. Person") in accordance with Regulation S shall be represented by a Note in global form registered in the name of the Depository or the nominee of the Depository. The transfer and exchange of beneficial interests in such Note in global form, which does not involve the issuance of a Note in definitive form, shall be effected through the Depository, in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depository therefor.

At any time at the request of the beneficial holder of an interest in a Note in global form to obtain a Note in definitive form, such beneficial holder shall be entitled to obtain a definitive Note upon written request to the Trustee and the Custodian in accordance with the standing instructions and procedures existing between the Custodian and Depository for the issuance thereof. Upon receipt of any such request, the Trustee, or the Custodian at the direction of the Trustee, will cause, in accordance with the standing instructions and procedures existing between the Depository and the Custodian, the aggregate principal amount of the Note in global form to be reduced by the principal amount of the definitive Note issued upon such request to such beneficial holder and, following such reduction, the Company will execute and the Trustee will authenticate and deliver to such beneficial holder (or its nominee) a definitive Note or Notes in the appropriate aggregate principal amount in the name of such beneficial holder (or its nominee) and bearing such restrictive legends as may be required by this Indenture.

Any transfer of a beneficial interest in a Note in global form which cannot be effected through book-entry settlement must be effected by the delivery to the transferee (or its nominee) of a definitive Note or Notes registered in the name of the transferee (or its nominee) on the books maintained by the Note registrar in accordance with the transfer restrictions set forth herein. With respect to any such transfer, the Trustee, or the Custodian at the direction of the Trustee, will cause, in accordance with the standing instructions and procedures existing between the Depository and the Custodian, the aggregate principal amount of the Note in global form to be reduced by the principal amount of the beneficial interest in the Note in global form being transferred and, following such reduction, the Company will execute and the Trustee will authenticate and deliver to the transferee (or such transferee's nominee, as the case may be), a Note or Notes in the appropriate aggregate principal amount in the name of such transferee (or its nominee) and bearing such restrictive legends as may be required by this Indenture.

(c) So long as the Notes are eligible for book-entry settlement, or unless otherwise required by law, upon any transfer of a definitive Note to a QIB in accordance with Rule 144A or a Non-U.S. Person in accordance with Regulation S, and upon receipt of the definitive Note or Notes being so transferred, together with a certification from the transferor that the transferee is a QIB or a Non-U.S. Person

(or other evidence satisfactory to the Trustee), the Trustee shall make, or direct the Custodian to make, an endorsement on the Note in global form to reflect an increase in the aggregate principal amount of the Notes represented by the Note in global form, and the Trustee shall cancel such definitive Note or Notes and cause, or direct the Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Custodian, the aggregate principal amount of Notes represented by the Note in global form to be increased accordingly; provided that no definitive Note, or portion thereof, in respect of which the Company or an Affiliate of the Company held any beneficial interest shall be included in such Note in global form until such definitive Note is freely tradable in accordance with Rule 144(k); provided further that the Trustee shall issue Notes in definitive form upon any transfer of a beneficial interest in the Note in global form to the Company or an Affiliate of the Company.

Any Note in global form may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Custodian, the Depository or by the National Association of Securities Dealers, Inc. in order for the Notes to be tradeable on the PORTAL Market or as may be required for the Notes to be tradeable on any other market developed for trading of securities pursuant to Rule 144A or Regulation S under the Securities Act or required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange or automated quotation system upon which the Notes may be listed or traded or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

(d) Every Note that bears or is required under this Section 2.5(d) to bear the legend set forth in this Section 2.5(d) (together with any Common Stock issued upon conversion of the Notes and required to bear the legend set forth in Section 2.5(e), collectively, the "Restricted Securities") shall be subject to the restrictions on transfer set forth in this Section 2.5(d) (including those set forth in the legend set forth below) unless such restrictions on transfer shall be waived by written consent of the Company, and the holder of each such Restricted Note, by such Noteholder's acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in Sections 2.5(d) and 2.5(e), the term "transfer" encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Security.

Until three (3) years after the original issuance date of any Note, any certificate evidencing such Note (and all securities issued in exchange therefor or substitution thereof, other than Common Stock, if any, issued upon conversion thereof, which shall bear the legend set forth in Section 2.5(e), if applicable) shall bear a legend in substantially the following form, unless otherwise agreed by the Company in writing, with written notice thereof to the Trustee:

THE NOTE EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B)

IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) ("INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THE NOTE EVIDENCED HEREBY IN AN OFFSHORE TRANSACTION; (2) AGREES THAT IT WILL NOT WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THE NOTE EVIDENCED HEREBY RESELL OR OTHERWISE TRANSFER THE NOTE EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH NOTE EXCEPT (A) TO XILINX, INC. OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN INSTITUTIONAL ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE (OR A SUCCESSOR TRUSTEE, AS APPLICABLE), A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE COMPANY), (D) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, OR (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE); AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTE EVIDENCED HEREBY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THE NOTE EVIDENCED HEREBY WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF SUCH NOTE, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE (OR A SUCCESSOR TRUSTEE, AS APPLICABLE). IF THE PROPOSED TRANSFEREE IS AN INSTITUTIONAL ACCREDITED INVESTOR OR A PURCHASER WHO IS NOT A U.S. PERSON, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE (OR A SUCCESSOR TRUSTEE, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS IT MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND WILL BE REMOVED UPON ANY TRANSFER OF THE NOTE EVIDENCED HEREBY AFTER THE EXPIRATION OF THREE YEARS FROM THE ORIGINAL ISSUANCE OF THE NOTE EVIDENCED HEREBY. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATIONS UNDER THE SECURITIES ACT.

Any Note (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of such Note for exchange to the Note registrar in accordance with the provisions of this Section 2.5, be exchanged for a new Note or Notes, of like tenor and aggregate principal amount, which shall not bear the restrictive legend required by this Section 2.5(d).

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in this Section 2.5(d)), a Note in global form may not be transferred as a whole or in part except by the Depository

to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

The Depositary shall be a clearing agency registered under the Exchange Act. The Company initially appoints The Depositary Trust Company to act as Depositary with respect to the Notes in global form. Initially, the global Note shall be issued to the Depositary, registered in the name of Cede & Co., as the nominee of the Depositary, and deposited with the Custodian for Cede & Co.

If at any time the Depositary for the Note in global form notifies the Company that it is unwilling or unable to continue as Depositary for the Note, the Company may appoint a successor Depositary with respect to such Note. If a successor Depositary is not appointed by the Company within ninety (90) days after the Company receives such notice, the Company will execute, and the Trustee, upon receipt of an Officers' Certificate for the authentication and delivery of Notes, will authenticate and deliver, Notes in definitive form, in an aggregate principal amount equal to the principal amount of the Note in global form, in exchange for such Note in global form.

If a definitive Note is issued in exchange for any portion of a Note in global form after the close of business at the office or agency where such exchange occurs on any record date and before the opening of business at such office or agency on the next succeeding interest payment date, interest will not be payable on such interest payment date in respect of such Note, but will be payable on such interest payment date only to the person to whom interest in respect of such portion of such Note in global form is payable in accordance with the provisions of this Indenture.

Definitive Notes issued in exchange for all or a part of a Note in global form pursuant to this Section 2.5 shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. Upon execution and authentication, the Trustee shall deliver such definitive Notes to the persons in whose names such definitive Notes are so registered.

At such time as all interests in a Note in global form have been redeemed, converted, repurchased, canceled, exchanged for definitive Notes, or transferred to a transferee who receives definitive Notes thereof, such Note in global form shall, upon receipt thereof, be canceled by the Trustee in accordance with standing procedures and instructions existing between the Depositary and the Custodian. At any time prior to such cancellation, if any interest in a global Note is exchanged for definitive Notes, redeemed, converted, repurchased or canceled, exchanged for definitive Notes or transferred to a transferee who receives definitive Notes therefor or any definitive Note is exchanged or transferred for part of a Note in global form, the principal amount of such Note in global form shall, in accordance with the standing procedures and instructions existing between the Depositary and the Custodian, be appropriately reduced or increased, as the case may be, and an endorsement shall be made on such Note in global form, by the Trustee or the Custodian, at the direction of the Trustee, to reflect such reduction or increase.

(e) Until three (3) years after the original issuance date of any Note, any stock certificate representing Common Stock issued upon conversion of such Note shall bear a legend in substantially the following form, unless such Common Stock has been sold pursuant to a registration statement that has been declared effective under the

Securities Act (and which continues to be effective at the time of such transfer) or such Common Stock has been issued upon conversion of Notes that have been transferred pursuant to a registration statement that has been declared effective under the Securities Act, or unless otherwise agreed by the Company in writing with written notice thereof to the transfer agent:

THE COMMON STOCK EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORD-INGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. THE HOLDER HEREOF AGREES THAT UNTIL THE EXPIRATION OF THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THE NOTE UPON THE CONVERSION OF WHICH THE COMMON STOCK EVIDENCED HEREBY WAS ISSUED: (1) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE COMMON STOCK EVIDENCED HEREBY EXCEPT (A) TO XILINX, INC. OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN COMPLIANCE WITH RULE 144A, (C) INSIDE THE UNITED STATES TO AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO BANCOSTON STATE STREET INVESTOR SERVICES, AS TRANSFER AGENT (OR A SUCCESSOR TRANSFER AGENT, AS APPLICABLE), A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE COMMON STOCK EVIDENCED HEREBY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM SUCH TRANSFER AGENT (OR A SUCCESSOR TRANSFER AGENT, AS APPLICABLE)), (D) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (F) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER); (2) PRIOR TO SUCH TRANSFER (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 1(F) ABOVE), IT WILL FURNISH BANCOSTON STATE STREET INVESTOR SERVICES, AS TRANSFER AGENT (OR A SUCCESSOR TRANSFER AGENT, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS IT MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) IT WILL DELIVER TO EACH PERSON TO WHOM THE COMMON STOCK EVIDENCED HEREBY IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 1(F) ABOVE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THE COMMON STOCK EVIDENCED HEREBY PURSUANT TO CLAUSE 1(F) ABOVE OR UPON ANY TRANSFER OF THE COMMON STOCK EVIDENCED HEREBY AFTER THE EXPIRATION OF THREE YEARS FROM THE ORIGINAL ISSUANCE OF THE NOTE UPON THE CONVERSION OF WHICH THE COMMON STOCK EVIDENCED HEREBY WAS ISSUED OR UPON THE EARLIER SATISFACTION OF BANCOSTON STATE STREET INVESTOR SERVICES, AS TRANSFER

AGENT (OR A SUCCESSOR TRANSFER AGENT, AS APPLICABLE), THAT THE COMMON STOCK HAS BEEN OR IS BEING OFFERED AND SOLD IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT. AS USED HEREIN, THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

Any such Common Stock as to which such restrictions on transfer shall have expired in accordance with their terms may, upon surrender of the certificates representing such shares of Common Stock for exchange in accordance with the procedures of the transfer agent for the Common Stock, be exchanged for a new certificate or certificates for a like number of shares of Common Stock, which shall not bear the restrictive legend required by this Section 2.5(e).

(f) Any certificate evidencing a Note that has been transferred to an Affiliate of the Company within three years after the original issuance date of the Note, as evidenced by a notation on the Assignment Form for such transfer or in the representation letter delivered in respect thereof, shall, until three years after the last date on which the Company or any Affiliate of the Company was an owner of such Note, bear a legend in substantially the following form, unless otherwise agreed by the Company (with written notice thereof to the Trustee):

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER AGREES (1) THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTE EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH NOTE EXCEPT (A) TO XILINX, INC. OR ANY SUBSIDIARY THEREOF, (B) IN A TRANSACTION REGISTERED UNDER THE SECURITIES ACT OR (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) AND (2) THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTE EVIDENCED HEREBY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND SHALL BE REMOVED UPON THE TRANSFER OF THE NOTE EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH NOTE PURSUANT TO THE IMMEDIATELY PRECEDING SENTENCE. IF THE PROPOSED TRANSFER IS PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE (OR A SUCCESSOR TRUSTEE, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE COMPANY MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

Any stock certificate representing Common Stock issued upon conversion of such Note shall also bear a legend in substantially the form indicated above, unless otherwise agreed by the Company (with written notice thereof to the Trustee).

(g) Notwithstanding any provision of Section 2.5 to the contrary, in the event Rule 144(k) as promulgated under the Securities Act (or any successor rule) is amended to shorten the three-year period under Rule 144(k) (or the

corresponding period under any successor rule), from and after receipt by the Trustee of the Officers' Certificate and Opinion of Counsel provided for in this Section 2.5(g), (i) the references in the first sentence of the second paragraph of Section 2.5(d) to "three (3) years" and in the restrictive legend set forth in such paragraph to "THREE YEARS" shall be deemed for all purposes hereof to be references to such shorter period, (ii) the references in the first paragraph of Section 2.5(e) to "three (3) years" and in the restrictive legend set forth in such paragraph to "THREE YEARS" shall be deemed for all purposes hereof to be references to such shorter period and (iii) all corresponding references in the Notes and the restrictive legends thereon shall be deemed for all purposes hereof to be references to such shorter period, provided that such changes shall not become effective if they are otherwise prohibited by, or would otherwise cause a violation of, the then-applicable federal securities laws. As soon as practicable after the Company has knowledge of the effectiveness of any such amendment to shorten the three-year period under Rule 144(k) (or the corresponding period under any successor rule), unless such changes would otherwise be prohibited by, or would otherwise cause a violation of, the then-applicable securities laws, the Company shall provide to the Trustee an Officers' Certificate and Opinion of Counsel informing the Trustee of the effectiveness of such amendment and the effectiveness of the foregoing changes to Sections 2.5(d) and 2.5(e) and the Notes. This Section 2.5(g) shall apply to successive amendments to Rule 144(k) (or any successor rule) shortening the holding period thereunder.

Section 2.6 Mutilated, Destroyed, Lost or Stolen Notes. In case any Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its request the Trustee or an authenticating agent appointed by the Trustee shall authenticate and deliver, a new Note, bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company, to the Trustee and, if applicable, to such authenticating agent evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

The Trustee or such authenticating agent may authenticate any such substituted Note and deliver the same upon the receipt of such security or indemnity as the Trustee, the Company and, if applicable, such authenticating agent may require. Upon the issuance of any substituted Note, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. In case any Note which has matured or is about to mature or has been called for redemption or is about to be converted into Common Stock shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Note, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Note), as the case may be, if the applicant for such payment or conversion shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in case of destruction, loss or theft, evidence satisfactory to the Company, the Trustee and, if applicable, any paying agent or conversion agent of the destruction, loss or theft of such Note and of the ownership thereof.

Every substitute Note issued pursuant to the provisions of this Section 2.6 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Notes duly issued hereunder. To the extent permitted by law, all Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment or conversion of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment or conversion of negotiable instruments or other securities without their surrender.

Section 2.7 Temporary Notes. Pending the preparation of definitive Notes, the Company may execute and the Trustee or an authenticating agent appointed by the Trustee shall, upon the written request of the Company, authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the definitive Notes, but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every such temporary Note shall be executed by the Company and authenticated by the Trustee or such authenticating agent upon the same conditions and in substantially the same manner, and with the same effect, as the definitive Notes. Without unreasonable delay the Company will execute and deliver to the Trustee or such authenticating agent definitive Notes (other than in the case of Notes in global form) and thereupon any or all temporary Notes (other than any such Note in global form) may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 5.2 and the Trustee or such authenticating agent shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as definitive Notes authenticated and delivered hereunder.

Section 2.8 Cancellation of Notes Paid, Etc. All Notes surrendered for the purpose of payment, redemption, conversion, exchange or registration of transfer, shall, if surrendered to the Company or any paying agent or any Note registrar or any conversion agent, be surrendered to the Trustee and promptly canceled by it, or, if surrendered to the Trustee, shall be promptly canceled by it, and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall destroy canceled Notes (unless the Company directs it to do otherwise) and, after such destruction, shall, if requested by the Company, deliver a certificate of such destruction to the Company. If the Company shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are delivered to the Trustee for cancellation.

ARTICLE III

REDEMPTION OF NOTES

Section 3.1 Redemption Prices. The Company may not redeem the Notes prior to November 4, 1997. At any time on or after November 4, 1997, the Company may, at its option, redeem all or from time to time any part of the Notes on any date prior to maturity, upon notice as set forth in Section 3.2, and at the optional redemption prices set forth in the form of Note attached

as Exhibit A hereto, together with accrued interest to, but excluding, the date fixed for redemption, except that prior to November 3, 1998 the Notes will not be redeemable at the option of the Company unless the Closing Price of the Common Stock shall have exceeded the product of the Conversion Price then in effect times 140% (rounded to the nearest cent) for 20 Trading Days within a period of 30 consecutive Trading Days ending within five Trading Days prior to the notice of redemption.

Section 3.2 Notice of Redemption: Selection of Notes. In case the Company shall desire to exercise the right to redeem all or, as the case may be, any part of the Notes pursuant to Section 3.1, it shall fix a date for redemption and it or, at its request, the Trustee in the name of and at the expense of the Company, shall mail or cause to be mailed a notice of such redemption at least 30 and not more than 60 days prior to the date fixed for redemption to the holders of Notes so to be redeemed as a whole or in part at their last addresses as the same appear on the Note register (provided that if the Company shall give such notice, it shall also give written notice, and written notice of the Notes to be redeemed, to the Trustee). Such mailing shall be by first class mail. The notice if mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Note.

Each such notice of redemption shall specify the aggregate principal amount of Notes to be redeemed, the date fixed for redemption, the redemption price at which Notes are to be redeemed, the place or places of payment, that payment will be made upon presentation and surrender of such Notes, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon or on the portion thereof to be redeemed will cease to accrue. Such notice shall also state the current Conversion Price and the date on which the right to convert such Notes or portions thereof into Common Stock will expire. If fewer than all the Notes are to be redeemed, the notice of redemption shall identify the Notes to be redeemed. In case any Note is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion thereof will be issued.

On or prior to the redemption date specified in the notice of redemption given as provided in this Section 3.2, the Company will deposit with the Trustee or with one or more paying agents (or, if the Company is acting as its own paying agent, set aside, segregate and hold in trust as provided in Section 5.4) an amount of money sufficient to redeem on the redemption date all the Notes (or portions thereof) so called for redemption (other than those theretofore surrendered for conversion into Common Stock) at the appropriate redemption price, together with accrued interest to, but excluding, the date fixed for redemption; provided that if such payment is made on the redemption date it must be received by the Trustee or paying agent, as the case may be, by 10:00 a.m. New York City time, on such date. If any Note called for redemption is converted pursuant hereto, any money deposited with the Trustee or any paying agent or so segregated and held in trust for the redemption of such Note shall be paid to the Company upon its written request, or, if then held by the Company shall be discharged from such trust. If fewer than all the Notes are to be redeemed, the Company will give the Trustee written notice in the form of an Officers' Certificate not fewer than forty-five (45) days (or such shorter period of time as may be acceptable to the Trustee) prior to the redemption date as to the aggregate principal amount of Notes to be redeemed.

If fewer than all the Notes are to be redeemed, the Trustee shall select the Notes or portions thereof to be redeemed (in

principal amounts of \$1,000 or integral multiples thereof), by lot or, in its discretion, on a pro rata basis. If any Note selected for partial redemption is converted in part after such selection, the converted portion of such Note shall be deemed (so far as may be) to be the portion to be selected for redemption. The Notes (or portions thereof) so selected shall be deemed duly selected for redemption for all purposes hereof, notwithstanding that any such Note is converted as a whole or in part before the mailing of the notice of redemption.

Upon any redemption of less than all Notes, the Company and the Trustee may (but need not) treat as outstanding any Notes surrendered for conversion during the period of fifteen (15) days next preceding the mailing of a notice of redemption and may (but need not) treat as outstanding any Note authenticated and delivered during such period in exchange for the unconverted portion of any Note converted in part during such period.

Section 3.3 Payment of Notes Called for Redemption. If notice of redemption has been given as above provided, the Notes or portion of Notes with respect to which such notice has been given shall, unless converted into Common Stock pursuant to the terms hereof, become due and payable on the (but excluding) date and at the place or places stated in such notice at the applicable redemption price, together with interest accrued to (but excluding) the date fixed for redemption, and on and after said date (unless the Company shall default in the payment of such Notes at the redemption price, together with interest accrued to said date) interest on the Notes or portion of Notes so called for redemption shall cease to accrue and such Notes shall cease after the close of business on the Business Day next preceding the date fixed for redemption to be convertible into Common Stock and, except as provided in Sections 8.5 and 13.4, to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Notes except the right to receive the redemption price thereof and unpaid interest to (but excluding) the date fixed for redemption. On presentation and surrender of such Notes at a place of payment in said notice specified, the said Notes or the specified portions thereof shall be paid and redeemed by the Company at the applicable redemption price, together with interest accrued thereon to (but excluding) the date fixed for redemption; provided that, if the applicable redemption date is an interest payment date, the semi-annual payment of interest becoming due on such date shall be payable to the holders of such Notes registered as such on the relevant record date instead of the holders surrendering such Notes for redemption on such date.

Upon presentation of any Note redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Company, a new Note or Notes, of authorized denominations, in principal amount equal to the unredeemed portion of the Notes so presented.

Notwithstanding the foregoing, the Trustee shall not redeem any Notes or mail any notice of optional redemption during the continuance of a default in payment of interest or premium on the Notes or of any Event of Default of which, in the case of any Event of Default other than under Sections 7.1(a) or 7.1(b), a Responsible Officer of the Trustee has knowledge. If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, shall, until paid or duly provided for, bear interest from the date fixed for redemption at the rate borne by the Note and such Note shall remain convertible into Common Stock until the principal and premium, if any, shall have been paid or duly provided for.

Section 3.4 Conversion Arrangement on Call for Redemption. In connection with any redemption of Notes, the Company may arrange for the purchase and conversion of any Notes by an agreement with one or more investment bankers or other purchasers to purchase such Notes by paying to the Trustee in trust for the Noteholders, on or before the date fixed for redemption, an amount not less than the applicable redemption price, together with interest accrued to (but excluding) the date

fixed for redemption, of such Notes. Notwithstanding anything to the contrary contained in this Article III, the obligation of the Company to pay the redemption price of such Notes, together with interest accrued to (but excluding) the date fixed for redemption, shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers. If such an agreement is entered into, a copy of which will be filed with the Trustee prior to the date fixed for redemption, any Notes not duly surrendered for conversion by the holders thereof may, at the option of the Company, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such holders and (notwithstanding anything to the contrary contained in Article XV) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the date fixed for redemption (and the right to convert any such Notes shall be extended through such time), subject to payment of the above amount as aforesaid. At the direction of the Company, the Trustee shall hold and dispose of any such amount paid to it in the same manner as it would monies deposited with it by the Company for the redemption of Notes. Without the Trustee's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any Notes shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee as set forth in this Indenture, and the Company agrees to indemnify the Trustee from, and hold it harmless against, any loss, liability or expense arising out of or in connection with any such arrangement for the purchase and conversion of any Notes between the Company and such purchasers to which the Trustee has not consented in writing, including the costs and expenses, including reasonable legal fees, incurred by the Trustee in the defense of any claim or liability arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture.

Section 3.5 Redemption at Option of Holders.

(a) If there shall occur a Fundamental Change, then each Noteholder shall have the right, at such holder's option, to require the Company to redeem all of such holder's Notes, or any portion thereof that is an integral multiple of \$1,000 principal amount, on the date (the "Repurchase Date") that is 30 days after the date of the Company Notice (as defined in Section 3.5(b) below) of such Fundamental Change (or, if such 30th day is not a Business Day, the next succeeding Business Day). Such repayment shall be made at the following prices (expressed as percentages of the principal amount) in the event of a Fundamental Change occurring during the 12-month period beginning November 1:

Year	Percentage	Year	Percentage
1995	105.250%	1999	102.250%
1996	104.500%	2000	101.500%
1997	103.750%	2001	100.750%
1998	103.000%		

and 100% at November 1, 2002; provided that if the Applicable Price with respect to the Fundamental Change is less than the Reference Market Price, the Company shall

redeem such Notes at a price equal to the foregoing redemption price multiplied by the fraction obtained by dividing the Applicable Price by the Reference Market Price; provided that if such repayment date is May 1 or November 1, then the interest payable on such date shall be paid to the holder of record of the Note on the next preceding April 15 or October 15. In each case, the Company shall also pay to such holders accrued interest to, but excluding, the Repurchase Date on the redeemed Notes.

Upon presentation of any Note redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Company, a new Note or Notes, of authorized denominations, in principal amount equal to the unredeemed portion of the Notes so presented.

(b) On or before the tenth day after the occurrence of a Fundamental Change, the Company, or, at its request (which must be received by the Trustee at least five Business Days prior to the date the Trustee is requested to give notice as described below), the Trustee in the name of and at the expense of the Company, shall mail or cause to be mailed to all holders of record on the date of the Fundamental Change a notice (the "Company Notice") of the occurrence of such Fundamental Change and of the redemption right at the option of the holders arising as a result thereof. Such notice shall be mailed in the manner and with the effect set forth in the first paragraph of Section 3.2. The Company shall also deliver a copy of the Company Notice to the Trustee at such time as it is mailed to Noteholders.

Each Company Notice shall specify the circumstances constituting the Fundamental Change, the Repurchase Date, the price at which the Company shall be obligated to redeem Notes, the latest time on the Repurchase Date by which the holder must exercise the redemption right (the "Fundamental Change Expiration Time"), that the holder shall have the right to withdraw any Notes surrendered prior to the Fundamental Change Expiration Time, a description of the procedure which a Noteholder must follow to exercise such redemption right and to withdraw any surrendered Notes, the place or places where the holder is to surrender such holder's Notes, and the amount of interest accrued on each Note to the Repurchase Date.

No failure of the Company to give the foregoing notices and no defect therein shall limit the Noteholders' redemption rights or affect the validity of the proceedings for the repurchase of the Notes pursuant to this Section 3.5.

(c) For a Note to be so repaid at the option of the holder, the Company must receive at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York or, at the option of such holder, the Corporate Trust Office, such Note with the form entitled "Option to Elect Repayment Upon A Fundamental Change" on the reverse thereof duly completed, together with such Notes duly endorsed for transfer, on or before the Fundamental Change Expiration Time. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Note for repayment shall be determined by the Company, whose determination shall be final and binding absent manifest error.

(d) On or prior to the Repurchase Date, the Company will deposit with the Trustee or with one or more paying agents (or, if the Company is acting as its own paying agent, set aside, segregate and hold in trust as provided in Section 5.4) an amount of money sufficient to repay on the Repurchase Date all the Notes to be repaid on such date at the appropriate redemption price, together with accrued interest to (but excluding) the Repurchase Date; provided that if such payment is made on the Repurchase Date it must

be received by the Trustee or paying agent, as the case may be, by 10:00 a.m. New York City time, on such date. Payment for Notes surrendered for redemption (and not withdrawn) prior to the Fundamental Change Expiration Time will be made promptly (but in no event more than three Business Days) following the Repurchase Date by mailing checks for the amount payable to the holders of such Notes entitled thereto as they shall appear on the registry books of the Company.

ARTICLE IV

SUBORDINATION OF NOTES

Section 4.1 Agreement of Subordination. The Company covenants and agrees, and each holder of Notes issued hereunder by his acceptance thereof likewise covenants and agrees, that all Notes shall be issued subject to the provisions of this Article IV; and each Person holding any Note, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees to be bound by such provisions.

The payment of the principal of, premium, if any, and interest on all Notes (including, but not limited to, the redemption price with respect to the Notes called for redemption in accordance with Section 3.2 or submitted for redemption in accordance with Section 3.5, as the case may be, as provided in the Indenture) issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right of payment to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of this Indenture or thereafter incurred.

No provision of this Article IV shall prevent the occurrence of any default or Event of Default hereunder.

Section 4.2 Payments to Noteholders. No payment shall be made with respect to the principal of, or premium, if any, or interest on the Notes (including, but not limited to, the redemption price with respect to the Notes to be called for redemption in accordance with Section 3.2 or submitted for redemption in accordance with Section 3.5, as the case may be, as provided in the Indenture), except payments and distributions made by the Trustee as permitted by the first or second paragraph of Section 4.5, if:

(i) a default in the payment of principal, premium, interest, rent or other obligations due on any Senior Indebtedness occurs and is continuing (or, in the case of Senior Indebtedness for which there is a period of grace, in the event of such a default that continues beyond the period of grace, if any, specified in the instrument or lease evidencing such Senior Indebtedness), unless and until such default shall have been cured or waived or shall have ceased to exist; or

(ii) a default, other than a payment default, on a Designated Senior Indebtedness occurs and is continuing that then permits holders of such Designated Senior Indebtedness to accelerate its maturity and the Trustee receives a notice of the default (a "Payment Blockage Notice") from a Person who may give it pursuant to Section 4.5 hereof.

If the Trustee receives any Payment Blockage Notice pursuant to clause (ii) above, no subsequent Payment Blockage Notice shall be effective for purposes of this Section unless and until (A) at least 365 days shall have elapsed since the effectiveness of the immediately prior Payment Blockage Notice, and (B) all scheduled payments of principal, premium, if any, and interest on the Notes that have come due have been paid in full in cash. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice.

The Company may and shall resume payments on and

distributions in respect of the Notes upon the earlier of:

- (1) the date upon which the default is cured or waived, or
- (2) in the case of a default referred to in clause (ii) above, 179 days pass after notice is received if the maturity of such Designated Senior Indebtedness has not been accelerated,

unless this Article IV otherwise prohibits the payment or distribution at the time of such payment or distribution.

Upon any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding-up or liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all amounts due or to become due upon all Senior Indebtedness shall first be paid in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, or payment thereof in accordance with its terms provided for in cash or other payment satisfactory to the holders of such Senior Indebtedness before any payment is made on account of the principal of, premium, if any, or interest on the Notes (except payments made pursuant to Article XIII from monies deposited with the Trustee pursuant thereto prior to commencement of proceedings for such dissolution, winding-up, liquidation or reorganization); and upon any such dissolution or winding-up or liquidation or reorganization of the Company or bankruptcy, insolvency, receivership or other proceeding, any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holders of the Notes or the Trustee would be entitled, except for the provision of this Article IV, shall (except as aforesaid) be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other Person making such payment or distribution, or by the holders of the Notes or by the Trustee under this Indenture if received by them or it, directly to the holders of Senior Indebtedness (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders, or as otherwise required by law or a court order) or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all Senior Indebtedness in full, in cash or other payment satisfactory to the holders of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness, before any payment or distribution is made to the holders of the Notes or to the Trustee.

For purposes of this Article IV, the words, "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated at least to the extent provided in this Article IV with respect to the Notes to the payment of all Senior Indebtedness which may at the time be outstanding; provided that (i) the Senior Indebtedness is assumed by the new corporation, if any, resulting from any reorganization or readjustment, and (ii) the rights of the holders of Senior Indebtedness (other than leases which are not assumed by the Company or the new corporation, as the case may be) are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another corporation or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article XII shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 4.2 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article XII.

In the event of the acceleration of the Notes because of an Event of Default, no payment or distribution shall be made to the Trustee or any holder of Notes in respect of the principal of, premium, if any, or interest on the Notes (including, but not limited to, the redemption price with respect to the Notes called for redemption in accordance with Section 3.2 or submitted for redemption in accordance with Section 3.5, as the case may be, as provided in the Indenture), except payments and distributions made by the Trustee as permitted by the first or second paragraph of Section 4.5, until all Senior Indebtedness has been paid in full in cash or other payment satisfactory to the holders of Senior Indebtedness or such acceleration is rescinded in accordance with the terms of this Indenture. If payment of the Notes is accelerated because of an Event of Default, the Company shall promptly notify holders of Senior Indebtedness of the acceleration.

In the event that, notwithstanding the foregoing provisions, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (including, without limitation, by way of setoff or otherwise), prohibited by the foregoing, shall be received by the Trustee or the holders of the Notes before all Senior Indebtedness is paid in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, or provision is made for such payment thereof in accordance with its terms in cash or other payment satisfactory to the holders of such Senior Indebtedness, such payment or distribution shall be held in trust for the benefit of and shall be paid over or delivered to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by the Company, for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay all Senior Indebtedness in full in cash or other payment satisfactory to the holders of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness.

Nothing in this Section 4.2 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 8.6. This Section 4.2 shall be subject to the further provisions of Section 4.5.

Section 4.3 Subrogation of Notes. Subject to the payment in full of all Senior Indebtedness, the rights of the holders of the Notes shall be subrogated to the extent of the payments or distributions made to the holders of such Senior Indebtedness pursuant to the provisions of this Article IV (equally and ratably with the holders of all indebtedness of the Company which by its express terms is subordinated to other indebtedness of the Company to substantially the same extent as the Notes are subordinated and is entitled to like rights of subrogation) to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Indebtedness until the principal, premium, if any, and interest on the Notes shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the holders of the Notes or the Trustee would be entitled except for the provisions of this Article IV, and no payment over pursuant to the provisions of this Article IV, to or for the benefit of the holders of Senior Indebtedness by holders of the Notes or the Trustee, shall, as between the Company, its creditors other than holders of Senior Indebtedness, and the holders of the Notes, be deemed to be a payment by the Company to or on account of the Senior Indebtedness; and no payments or distributions of cash, property or securities to or for the benefit of the holders of the Notes pursuant to the subrogation provisions of this Article IV, which would otherwise have been paid to the holders of Senior Indebtedness shall be deemed to be a payment by the Company to or for the account of the Notes. It is understood

that the provisions of this Article IV are and are intended solely for the purposes of defining the relative rights of the holders of the Notes, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

Nothing contained in this Article IV or elsewhere in this Indenture or in the Notes is intended to or shall impair, as among the Company, its creditors other than the holders of Senior Indebtedness, and the holders of the Notes, the obligation of the Company, which is absolute and unconditional, to pay to the holders of the Notes the principal of (and premium, if any) and interest on the Notes as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the holders of the Notes and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the holder of any Note from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article IV of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article IV, the Trustee, subject to the provisions of Section 8.1, and the holders of the Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such bankruptcy, dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to the Trustee or to the holders of the Notes, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon and all other facts pertinent thereto or to this Article IV.

Section 4.4 Authorization to Effect Subordination. Each holder of a Note by the holders acceptance thereof authorizes and directs the Trustee on the holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article IV and appoints the Trustee to act as the holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in the third paragraph of Section 7.2 hereof at least 30 days before the expiration of the time to file such claim, the holders of any Senior Indebtedness or their representatives are hereby authorized to file an appropriate claim for and on behalf of the holders of the Notes.

Section 4.5 Notice to Trustee. The Company shall give prompt written notice in the form of an Officers' Certificate to a Responsible Officer of the Trustee and to any paying agent of any fact known to the Company which would prohibit the making of any payment of monies to or by the Trustee or any paying agent in respect of the Notes pursuant to the provisions of this Article IV. Notwithstanding the provisions of this Article IV or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of monies to or by the Trustee in respect of the Notes pursuant to the provisions of this Article IV, unless and until a Responsible Officer of the Trustee shall have received written notice thereof at the Corporate Trust Office from the Company (in the form of an Officers' Certificate) or a holder or holders of Senior Indebtedness or from any trustee thereof; and before the receipt of any such written notice, the Trustee, subject to the provisions of Section 8.1, shall be entitled in all respects to assume that no such facts exist; provided that if on a date not fewer than two Business Days prior to the date upon which by the terms hereof any such monies may become payable for any purpose (including, without limitation, the payment of the principal of, or premium, if any, or interest on any Note) the Trustee shall not have received, with respect to

such monies, the notice provided for in this Section 4.5, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such monies and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such prior date.

Notwithstanding anything in this Article IV to the contrary, nothing shall prevent (a) any payment by the Company or the Trustee to the Trustee or Noteholders of amounts in connection with a redemption of Notes (including a redemption pursuant to Section 3.5) if (i) notice of such redemption has been given pursuant to Article III prior to the receipt by the Trustee of written notice as aforesaid, and (ii) such notice of redemption is given not earlier than sixty (60) days before the redemption date or (b) any payment by the Trustee to the Noteholders of monies deposited with it pursuant to Section 13.1, and any such payment shall not be subject to the provisions of Section 4.1 or 4.2.

The Trustee, subject to the provisions of Section 8.1, shall be entitled to rely on the delivery to it of a written notice by a person representing himself to be a holder of Senior Indebtedness (or a trustee on behalf of such holder) to establish that such notice has been given by a holder of Senior Indebtedness or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article IV, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article IV, and if such evidence is not furnished the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

Section 4.6 Trustee's Relation to Senior Indebtedness. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article IV in respect of any Senior Indebtedness at any time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in Section 8.13 or elsewhere in this Indenture shall deprive the Trustee of any of its rights as such holder.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article IV, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and, subject to the provisions of Section 8.1, the Trustee shall not be liable to any holder of Senior Indebtedness if it shall pay over or deliver to holders of Notes, the Company or any other person money or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article IV or otherwise.

Section 4.7 No Impairment of Subordination. No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Section 4.8 Certain Conversions Deemed Payment. For the purposes of this Article IV only, (1) the issuance and delivery of junior securities upon conversion of Notes in accordance with Article XV shall not be deemed to constitute a payment or distribution on account of the principal of (or premium, if any)

or interest on Notes or on account of the purchase or other acquisition of Notes, and (2) the payment, issuance or delivery of cash, property or securities (other than junior securities) upon conversion of a Note shall be deemed to constitute payment on account of the principal of such Note. For the purposes of this Section 4.8, the term "junior securities" means (a) shares of any stock of any class of the Company, or (b) securities of the Company which are subordinated in right of payment to all Senior Indebtedness which may be outstanding at the time of issuance or delivery of such securities to substantially the same extent as, or to a greater extent than, the Notes are so subordinated as provided in this Article. Nothing contained in this Article IV or elsewhere in this Indenture or in the Notes is intended to or shall impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Noteholders, the right, which is absolute and unconditional, of the Holder of any Note to convert such Note in accordance with Article XV.

Section 4.9 Article Applicable to Paying Agents. If at any time any paying agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall (unless the context otherwise requires) be construed as extending to and including such paying agent within its meaning as fully for all intents and purposes as if such paying agent were named in this Article in addition to or in place of the Trustee; provided, however, that the first paragraph of Section 4.5 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as paying agent.

Section 4.10 Senior Indebtedness Entitled to Rely. The holders of Senior Indebtedness (including, without limitation, Designated Senior Indebtedness) shall have the right to rely upon this Article IV, and no amendment or modification of the provisions contained herein shall diminish the rights of such holders unless such holders shall have agreed in writing thereto.

ARTICLE V

PARTICULAR COVENANTS OF THE COMPANY

Section 5.1 Payment of Principal, Premium and Interest. The Company covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and premium, if any, and interest on each of the Notes at the places, at the respective times and in the manner provided herein and in the Notes. Each installment of interest on the Notes due on any semi-annual interest payment date may be paid by mailing checks for the interest payable to or upon the written order of the holders of Notes entitled thereto as they shall appear on the registry books of the Company; provided, that; with respect to any holder of Notes with an aggregate principal amount equal to or in excess of \$5,000,000, at the request of such holder in writing to the Company (who shall then furnish notice to such effect to the Trustee), interest on such holder's Notes shall be paid by wire transfer in immediately available funds in accordance with the wire transfer instructions supplied by such holder to the Trustee and paying agent (if different from the Trustee).

Section 5.2 Maintenance of Office or Agency. The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where the Notes may be surrendered for registration of transfer or exchange or for presentation for payment or for conversion or redemption and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency not designated or appointed by the Trustee. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office or the office or agency of the Trustee in the Borough of Manhattan, The City of New York.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company will give prompt written notice to any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby initially designates the Trustee as paying agent, Note registrar, Custodian and conversion agent, and each of the Corporate Trust Office of the Trustee and the office of the Trustee in the Borough of Manhattan, The City of New York (which shall initially be State Street Bank and Trust Company, N.A., an Affiliate of the Trustee located at 61 Broadway, Concourse Level, Corporate Trust Window, New York, New York 10006), one such office or agency of the Company for each of the aforesaid purposes.

So long as the Trustee is the Note registrar, the Trustee agrees to mail, or cause to be mailed, the notices set forth in Section 8.10(a) and the third paragraph of Section 8.11.

Section 5.3 Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 8.10, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 5.4 Provisions as to Paying Agent.

(a) If the Company shall appoint a paying agent other than the Trustee, or if the Trustee shall appoint such a paying agent, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 5.4:

(1) that it will hold all sums held by it as such agent for the payment of the principal of and premium, if any, or interest on the Notes (whether such sums have been paid to it by the Company or by any other obligor on the Notes) in trust for the benefit of the holders of the Notes;

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Notes) to make any payment of the principal of and premium, if any, or interest on the Notes when the same shall be due and payable; and

(3) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held in trust.

The Company shall, on or before each due date of the principal of, premium, if any, or interest on the Notes, deposit with the paying agent a sum sufficient to pay such principal, premium, if any, or interest, and (unless such paying agent is the Trustee) the Company will promptly notify the Trustee of any failure to take such action; provided that if such deposit is made on the due date, such deposit shall be received by the paying agent by 10:00 a.m. New York City time, on such date.

(b) If the Company shall act as its own paying agent, it will, on or before each due date of the principal of, premium, if any, or interest on the Notes, set aside, segregate and hold in trust for the benefit of the holders of the Notes a sum sufficient to pay such principal, premium, if any, or interest so becoming due and will notify the Trustee of any failure to take such action and of any

failure by the Company (or any other obligor under the Notes) to make any payment of the principal of, premium, if any, or interest on the Notes when the same shall become due and payable.

(c) Anything in this Section 5.4 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by the Company or any paying agent hereunder as required by this Section 5.4, such sums to be held by the Trustee upon the trusts herein contained and upon such payment by the Company or any paying agent to the Trustee, the Company or such paying agent shall be released from all further liability with respect to such sums.

(d) Anything in this Section 5.4 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 5.4 is subject to Sections 13.3 and 13.4.

Section 5.5 Corporate Existence. Subject to Article XII, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 5.6 Rule 144A Information Requirement. During the period beginning on the latest date of the original issuance of the Notes and ending on the date that is three years from such date, the Company covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the Exchange Act, make available to any holder or beneficial holder of Notes or any Common Stock issued upon conversion thereof which continue to be Restricted Securities in connection with any sale thereof and any prospective purchaser of Notes or such Common Stock from such holder or beneficial holder, the information required pursuant to Rule 144A(d)(4) under the Securities Act upon the request of any holder or beneficial holder of the Notes or such Common Stock and it will take such further action as any holder or beneficial holder of such Notes or such Common Stock may reasonably request, all to the extent required from time to time to enable such holder or beneficial holder to sell its Notes or Common Stock without registration under the Securities Act within the limitation of the exemption provided by Rule 144A, as such Rule may be amended from time to time. Upon the request of any holder or any beneficial holder of the Notes or such Common Stock, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

Section 5.7 Stay, Extension and Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

ARTICLE VI

NOTEHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 6.1 Noteholders' Lists. The Company covenants and agrees that it will furnish or cause to be furnished to the

Trustee, semiannually, not more than fifteen (15) days after each April 15 and October 15 in each year beginning with April 15, 1996, and at such other times as the Trustee may request in writing, within thirty (30) days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the holders of Notes as of a date not more than fifteen (15) days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished so long as the Trustee is acting as Note registrar.

Section 6.2 Preservation and Disclosure of Lists.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Notes contained in the most recent list furnished to it as provided in Section 6.1 or maintained by the Trustee in its capacity as Note registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 6.1 upon receipt of a new list so furnished.

(b) The rights of Noteholders to communicate with other holders of Notes with respect to their rights under this Indenture or under the Notes, and the corresponding rights and duties of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Noteholder, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of holders of Notes made pursuant to the Trust Indenture Act.

Section 6.3 Reports by Trustee.

(a) Within 60 days after May 15 of each year commencing with the year 1996, the Trustee shall transmit to holders of Notes such reports dated as of May 15 of the year in which such reports are made concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

(b) A copy of such report shall, at the time of such transmission to holders of Notes, be filed by the Trustee with each stock exchange and automated quotation system upon which the Notes are listed and with the Company. The Company will notify the Trustee within a reasonable time when the Notes are listed on any stock exchange and automated quotation system.

Section 6.4 Reports by Company. The Company shall file with the Trustee (and the Commission if at any time after the Indenture becomes qualified under the Trust Indenture Act), and transmit to holders of Notes, such information, documents and other reports and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

ARTICLE VII

REMEDIES OF THE TRUSTEE AND NOTEHOLDERS ON AN EVENT OF DEFAULT

Section 7.1 Events of Default. In case one or more of the following Events of Default (whatever the reason for such

Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing:

(a) default in the payment of any installment of interest upon any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of thirty (30) days, whether or not such payment is permitted under Article IV hereof; or

(b) default in the payment of the principal of and premium, if any, on any of the Notes as and when the same shall become due and payable either at maturity or in connection with any redemption pursuant to Article III, by acceleration or otherwise, whether or not such payment is permitted under Article IV hereof; or

(c) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company in the Notes or in this Indenture (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section 7.1 specifically dealt with) continued for a period of sixty (60) days after the date on which written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Trustee, or to the Company and a Responsible Officer of the Trustee by the holders of at least 25 percent in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 9.4; or

(d) the Company shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(e) an involuntary case or other proceeding shall be commenced against the Company seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of ninety (90) consecutive days;

then, and in each and every such case (other than an Event of Default specified in Section 7.1(d) or (e)), unless the principal of all of the Notes shall have already become due and payable, either the Trustee or the holders of not less than 25 percent in aggregate principal amount of the Notes then outstanding hereunder determined in accordance with Section 9.4, by notice in writing to the Company (and to the Trustee if given by Noteholders), may declare the principal of all the Notes and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Notes contained to the contrary notwithstanding. If an Event of Default specified in Section 7.1(d) or (e) occurs, the principal of all the Notes and the interest accrued thereon shall be immediately and automatically due and payable without necessity of further action. This provision, however, is subject to the conditions that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have

been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all Notes and the principal of and premium, if any, on any and all Notes which shall have become due otherwise than by acceleration (with interest on overdue installments of interest (to the extent that payment of such interest is enforceable under applicable law) and on such principal and premium, if any, at the rate borne by the Notes, to the date of such payment or deposit) and amounts due to the Trustee pursuant to Section 8.6, and if any and all defaults under this Indenture, other than the nonpayment of principal of and premium, if any, and accrued interest on Notes which shall have become due by acceleration, shall have been cured or waived pursuant to Section 7.7 -- then and in every such case the holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to the Trustee, may waive all defaults or Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or Event of Default, or shall impair any right consequent thereon. The Company shall notify a Responsible Officer of the Trustee, promptly upon becoming aware thereof, of any Event of Default.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such waiver or rescission and annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the holders of Notes, and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the holders of Notes, and the Trustee shall continue as though no such proceeding had been taken.

Section 7.2 Payments of Notes on Default: Suit Therefor. The Company covenants that (a) in case default shall be made in the payment of any installment of interest upon any of the Notes as and when the same shall become due and payable, and such default shall have continued for a period of thirty (30) days, or (b) in case default shall be made in the payment of the principal of or premium, if any, on any of the Notes as and when the same shall have become due and payable, whether at maturity of the Notes or in connection with any redemption, by or under this Indenture declaration or otherwise -- then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Notes, the whole amount that then shall have become due and payable on all such Notes for principal and premium, if any, or interest, or both, as the case may be, with interest upon the overdue principal and premium, if any, and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest at the rate borne by the Notes; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder other than through its negligence or bad faith. Until such demand by the Trustee, the Company may pay the principal of and premium, if any, and interest on the Notes to the registered holders, whether or not the Notes are overdue.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on the Notes and collect in the manner provided by law out of the property of the Company or any other obligor on the Notes wherever situated the monies adjudged or decreed to be payable.

In the case there shall be pending proceedings for the

bankruptcy or for the reorganization of the Company or any other obligor on the Notes under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the case of any other judicial proceedings relative to the Company or such other obligor upon the Notes, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 7.2, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Noteholders allowed in such judicial proceedings relative to the Company or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due the Trustee under Section 8.6; and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Noteholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due it for reasonable compensation, expenses, advances and disbursements, including counsel fees incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property which the holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the holders of the Notes.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Notes, and it shall not be necessary to make any holders of the Notes parties to any such proceedings.

Section 7.3 Application of Monies Collected by Trustee. Any monies collected by the Trustee pursuant to this Article VII shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of all amounts due the Trustee under Section 8.6;

Second: Subject to the provisions of Article IV, in case the principal of the outstanding Notes shall not have

become due and be unpaid, to the payment of interest on the Notes in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate borne by the Notes, such payments to be made ratably to the persons entitled thereto;

Third: Subject to the provisions of Article IV, in case the principal of the outstanding Notes shall have become due, by declaration or otherwise, and be unpaid to the payment of the whole amount then owing and unpaid upon the Notes for principal and premium, if any, and interest, with interest on the overdue principal and premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate borne by the Notes; and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal and premium, if any, and interest without preference or priority of principal and premium, if any, over interest, or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably to the aggregate of such principal and premium, if any, and accrued and unpaid interest; and

Fourth: Subject to the provisions of Article IV, to the payment of the remainder, if any, to the Company or any other person lawfully entitled thereto.

Section 7.4 Proceedings by Noteholder. No holder of any Note shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of an Event of Default and of the continuance thereof, as hereinbefore provided, and unless also the holders of not less than 25 percent in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 7.7; it being understood and intended, and being expressly covenanted by the taker and holder of every Note with every other taker and holder and the Trustee, that no one or more holders of Notes shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of Notes, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Notes (except as otherwise provided herein). For the protection and enforcement of this Section 7.4, each and every Noteholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Note, the right of any holder of any Note to receive payment of the principal of and premium, if any, and interest on such Note, on or after the respective due dates expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective dates against the Company shall not be impaired or affected without the consent of such holder.

Anything in this Indenture or the Notes to the contrary notwithstanding, the holder of any Note, without the consent of either the Trustee or the holder of any other Note, in his own behalf and for his own benefit, may enforce, and may institute and maintain any proceeding suitable to enforce, his rights of conversion as provided herein.

Section 7.5 Proceedings by Trustee. In case of an Event of Default the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 7.6 Remedies Cumulative and Continuing. Except as provided in Section 2.6, all powers and remedies given by this Article VII to the Trustee or to the Noteholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of the Notes, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Notes to exercise any right or power accruing upon any default or Event of Default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or any acquiescence therein; and, subject to the provisions of Section 7.4, every power and remedy given by this Article VII or by law to the Trustee or to the Noteholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Noteholders.

Section 7.7 Direction of Proceedings and Waiver of Defaults by Majority of Noteholders. The holders of a majority in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 9.4 shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; provided, however, that (a) such direction shall not be in conflict with any rule of law or with this Indenture, and (b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction. The holders of a majority in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 9.4 may on behalf of the holders of all of the Notes waive any past default or Event of Default hereunder and its consequences except (i) a default in the payment of interest or premium, if any, on, or the principal of, the Notes, (ii) a failure by the Company to convert any Notes into Common Stock, (iii) a default in the payment of redemption price pursuant to Article III or (iv) a default in respect of a covenant or provisions hereof which under Article XI cannot be modified or amended without the consent of the holders of all Notes then outstanding. Upon any such waiver the Company, the Trustee and the holders of the Notes shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 7.7, said default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

Section 7.8 Notice of Defaults. The Trustee shall, within ninety (90) days after it has knowledge of the occurrence of a default, mail to all Noteholders, as the names and addresses of such holders appear upon the Note register, notice of all defaults known to a Responsible Officer, unless such defaults

shall have been cured or waived before the giving of such notice; and provided that, except in the case of default in the payment of the principal of, or premium, if any, or interest on any of the Notes, the Trustee shall be protected in withholding such notice if and so long as a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Noteholders.

Section 7.9 Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Note by his acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided that the provisions of this Section 7.9 (to the extent permitted by law) shall not apply to any suit instituted by the Trustee, to any suit instituted by any Noteholder, or group of Noteholders, holding in the aggregate more than ten percent in principal amount of the Notes at the time outstanding determined in accordance with Section 9.4, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of or premium, if any, or interest on any Note on or after the due date expressed in such Note or to any suit for the enforcement of the right to convert any Note in accordance with the provisions of Article XV.

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 8.1 Duties and Responsibilities of Trustee. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture and the Trust Indenture Act, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture and the Trust Indenture Act against the Trustee; and

(2) in the absence of bad faith and willful misconduct on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee,

the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless the Trustee was negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Notes at the time outstanding determined as provided in Section 9.4 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(d) whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 8.2 Reliance on Documents, Opinions. Etc. Except as otherwise provided in Section 8.1:

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, coupon or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Noteholders pursuant to the provisions of this Indenture, unless such Noteholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby;

(e) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally

or by agent or attorney; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liability as a condition to so proceeding; the reasonable expenses of every such examination shall be paid by the Company or, if paid by the Trustee or any predecessor Trustee, shall be repaid by the Company upon demand; and

(f) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

Section 8.3 No Responsibility for Recitals, Etc. The recitals contained herein and in the Notes (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee in conformity with the provisions of this Indenture.

Section 8.4 Trustee, Paying Agents, Conversion Agents or Registrar May Own Notes. The Trustee, any paying agent, any conversion agent or Note registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not Trustee, paying agent, conversion agent or Note registrar.

Section 8.5 Monies to Be Held in Trust. Subject to the provisions of Section 13.4, all monies received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as may be agreed from time to time by the Company and the Trustee.

Section 8.6 Compensation and Expenses of Trustee. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, willful misconduct, recklessness or bad faith. The Company also covenants to indemnify the Trustee in any capacity under this Indenture and its agents and any authenticating agent for, and to hold them harmless against, any loss, liability or expense incurred without negligence, willful misconduct, recklessness, or bad faith on the part of the Trustee or such agent or authenticating agent, as the case may be, and arising out of or in connection with the acceptance or administration of this trust or in any other capacity hereunder, including the costs and expenses of defending themselves against any claim of liability in the premises. The obligations of the Company under this Section 8.6 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a lien prior to that of the Notes upon all property and funds held or collected by the Trustee as

such, except funds held in trust for the benefit of the holders of particular Notes. The obligation of the Company under this Section shall survive the satisfaction and discharge of this Indenture.

When the Trustee and its agents and any authenticating agent incur expenses or render services after an Event of Default specified in Section 7.1(d) or (e) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws.

Section 8.7 Officers' Certificate as Evidence. Except as otherwise provided in Section 8.1, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence, willful misconduct, recklessness, or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee.

Section 8.8 Conflicting Interests of Trustee. If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

Section 8.9 Eligibility of Trustee. There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least \$50,000,000. If such person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 8.10 Resignation or Removal of Trustee.

(a) The Trustee may at any time resign by giving written notice of such resignation to the Company and to the holders of Notes. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment sixty (60) days after the mailing of such notice of resignation to the Noteholders, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Noteholder who has been a bona fide holder of a Note or Notes for at least six months may, subject to the provisions of Section 7.9, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(1) the Trustee shall fail to comply with Section 8.8 after written request therefor by the Company or by any Noteholder who has been a bona fide holder of a Note or Notes for at least six months; or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 8.9 and shall fail to resign after written request therefor by the Company or by any such Noteholder; or

(3) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 7.9, any Noteholder who has been a bona fide holder of a Note or Notes for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Notes at the time outstanding may at any time remove the Trustee and nominate a successor trustee which shall be deemed appointed as successor trustee unless within ten (10) days after notice to the Company of such nomination the Company objects thereto, in which case the Trustee so removed or any Noteholder, upon the terms and conditions and otherwise as in Section 8.10(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 8.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.11.

Section 8.11 Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 8.10 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 8.6, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property and funds held or collected by such trustee as such, except for funds held in trust for the benefit of holders of particular Notes, to secure any amounts then due it pursuant to the provisions of Section 8.6.

No successor trustee shall accept appointment as provided in this Section 8.11 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 8.8 and be eligible under the provisions of Section 8.9.

Upon acceptance of appointment by a successor trustee as provided in this Section 8.11, each of the Company and the former

trustee shall mail or cause to be mailed notice of the succession of such trustee hereunder to the holders of Notes at their addresses as they shall appear on the Note register. If the Company fails to mail such notice within ten (10) days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

Section 8.12 Succession by Merger, Etc. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the trust business of the Trustee, shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that in the case of any corporation succeeding to all or substantially all of the trust business of the Trustee such corporation shall be qualified under the provisions of Section 8.8 and eligible under the provisions of Section 8.9.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee or authenticating agent appointed by such predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee or an authenticating agent appointed by such successor trustee may authenticate such Notes either in the name of any predecessor trustee hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 8.13 Limitation on Rights of Trustee as Creditor. If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Notes), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of the claims against the Company (or any such other obligor).

ARTICLE IX

CONCERNING THE NOTEHOLDERS

Section 9.1 Action by Noteholders. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Notes may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Noteholders in person or by agent or proxy appointed in writing, or (b) by the record of the holders of Notes voting in favor thereof at any meeting of Noteholders duly called and held in accordance with the provisions of Article X, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Noteholders. Whenever the Company or the Trustee solicits the taking of any action by the holders of the Notes, the Company or the Trustee may fix in advance of such solicitation, a date as the record date for determining holders entitled to take such action. The record date shall be not more than fifteen (15) days prior to the date of commencement of solicitation of such action.

Section 9.2 Proof of Execution by Noteholders. Subject to the provisions of Sections 8.1, 8.2 and 10.5, proof of the

execution of any instrument by a Noteholder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Notes shall be proved by the registry of such Notes or by a certificate of the Note registrar.

The record of any Noteholders' meeting shall be proved in the manner provided in Section 10.6.

Section 9.3 Who Are Deemed Absolute Owners. The Company, the Trustee, any paying agent, any conversion agent and any Note registrar may deem the person in whose name such Note shall be registered upon the Note register to be, and may treat him as, the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Note, for conversion of such Note and for all other purposes; and neither the Company nor the Trustee nor any paying agent nor any conversion agent nor any Note registrar shall be affected by any notice to the contrary. All such payments so made to any holder for the time being, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for monies payable upon any such Note.

Section 9.4 Company-Owned Notes Disregarded. In determining whether the holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent, waiver or other action under this Indenture, Notes which are owned by the Company or any other obligor on the Notes or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Notes shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action only Notes which a Responsible Officer knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 9.4 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Notes and that the pledgee is not the Company, any other obligor on the Notes or a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Notes, if any, known by the Company to be owned or held by or for the account of any of the above described persons; and, subject to Section 8.1, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are outstanding for the purpose of any such determination.

Section 9.5 Revocation of Consents: Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 9.1, of the taking of any action by the holders of the percentage in aggregate principal amount of the Notes specified in this Indenture in connection with such action, any holder of a Note which is shown by the evidence to be included in the Notes the holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 9.2, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the holder of any Note shall be conclusive and binding upon such holder and upon all future holders and owners of such Note and of any Notes issued in exchange or substitution therefor, irrespective of whether any notation in regard thereto is made upon such Note or any Note issued in exchange or substitution therefor.

ARTICLE X

NOTEHOLDERS' MEETINGS

Section 10.1 Purpose of Meetings. A meeting of Noteholders may be called at any time and from time to time pursuant to the provisions of this Article X for any of the following purposes:

- (1) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Noteholders pursuant to any of the provisions of Article VII;
- (2) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article VIII;
- (3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 11.2; or
- (4) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law.

Section 10.2 Call of Meetings by Trustee. The Trustee may at any time call a meeting of Noteholders to take any action specified in Section 10.1, to be held at such time and at such place at a location within 10 miles of the Corporate Trust Office or the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of the Noteholders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 9.1, shall be mailed to holders of Notes at their addresses as they shall appear on the Note register. Such notice shall also be mailed to the Company. Such notices shall be mailed not less than twenty (20) nor more than ninety (90) days prior to the date fixed for the meeting.

Any meeting of Noteholders shall be valid without notice if the holders of all Notes then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the holders of all Notes outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 10.3 Call of Meetings by Company or Noteholders. In case at any time the Company, pursuant to a resolution of its Board of Directors, or the holders of at least ten percent in aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Noteholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within twenty (20) days after receipt of such request, then the Company or such Noteholders may determine the time and the place at any location within 10 miles of the Corporate Trust Office or the Borough of Manhattan, The City of New York for such meeting and may call such meeting to take any action authorized in Section 10.1, by mailing notice thereof as provided in Section 10.2.

Section 10.4 Qualifications for Voting. To be entitled to vote at any meeting of Noteholders a person shall (a) be a holder of one or more Notes on the record date pertaining to such meeting or (b) be a person appointed by an instrument in writing as proxy by a holder of one or more Notes. The only persons who shall be entitled to be present or to speak at any meeting of Noteholders shall be the persons entitled to vote at such meeting

and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 10.5 Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Noteholders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Noteholders as provided in Section 10.3, in which case the Company or the Noteholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in principal amount of the Notes represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 9.4, at any meeting each Noteholder or proxyholder shall be entitled to one vote for each \$1,000 principal amount of Notes held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by him or instruments in writing as aforesaid duly designating him as the proxy to vote on behalf of other Noteholders. Any meeting of Noteholders duly called pursuant to the provisions of Section 10.2 or 10.3 may be adjourned from time to time by the holders of a majority of the aggregate principal amount of Notes represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 10.6 Voting. The vote upon any resolution submitted to any meeting of Noteholders shall be by written ballot on which shall be subscribed the signatures of the holders of Notes or of their representatives by proxy and the principal amount of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Noteholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 10.2. The record shall show the principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 10.7 No Delay of Rights by Meeting. Nothing in this Article X contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Noteholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Noteholders under any of the provisions of this Indenture or of the Notes.

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 11.1 Supplemental Indentures Without Consent of Noteholders. The Company, when authorized by the resolutions of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) to make provision with respect to the conversion rights of the holders of Notes pursuant to the requirements of Section 15.6;

(b) subject to Article IV, to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Notes, any property or assets;

(c) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article XII;

(d) to add to the covenants of the Company such further covenants, restrictions or conditions as the Board of Directors and the Trustee shall consider to be for the benefit of the holders of Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(e) to provide for the issuance under this Indenture of Notes in coupon form (including Notes registrable as to principal only) and to provide for exchangeability of such Notes with the Notes issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(f) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interests of the holders of the Notes;

(g) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Notes; or

(h) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualifications of this Indenture under the Trust Indenture Act, or under any similar federal statute hereafter enacted.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to, but may in its discretion, enter into any supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 11.1 may be executed by the Company and the Trustee without the consent of the holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 11.2.

Section 11.2 Supplemental Indentures with Consent of Noteholders. With the consent (evidenced as provided in Article IX) of the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, the Company, when authorized by the resolutions of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the holders of the Notes; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Note, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or reduce any amount payable on redemption thereof, or impair the right of any Noteholder to institute suit for the payment thereof, or make the principal thereof or interest or premium, if any, thereon payable in any coin or currency other than that provided in the Notes, or modify the provisions of this Indenture with respect to the subordination of the Notes in a manner adverse to the Noteholders in any material respect, or change the obligation of the Company to redeem any Note upon the happening of a Fundamental Change in a manner adverse to the holder of Notes, or impair the right to convert the Notes into Common Stock subject to the terms set forth herein, including Section 15.6, without the consent of the holder of each Note so affected, or (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding.

Upon the request of the Company, accompanied by a copy of the resolutions of the Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Noteholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Noteholders under this Section 11.2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 11.3 Effect of Supplemental Indenture. Any supplemental indenture executed pursuant to the provisions of this Article XI shall comply with the Trust Indenture Act, as then in effect; provided that this Section 11.3 shall not require such supplemental indenture or the Trustee to be qualified under the Trust Indenture Act prior to the time such qualification is in fact required under the terms of the Trust Indenture Act or the Indenture has been qualified under the Trust Indenture Act, nor shall it constitute any admission or acknowledgment by any party to such supplemental indenture that any such qualification is required prior to the time such qualification is in fact required under the terms of the Trust Indenture Act or the Indenture has been qualified under the Trust Indenture Act. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XI, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Notes shall thereafter be determined, exercised and enforced hereunder subject in all respects to such

modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.4 Notation on Notes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XI may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, authenticated by the Trustee (or an authenticating agent duly appointed by the Trustee pursuant to Section 16.11) and delivered in exchange for the Notes then outstanding, upon surrender of such Notes then outstanding.

Section 11.5 Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee. The Trustee, subject to the provisions of Sections 8.1 and 8.2, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article XI.

ARTICLE XII

CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 12.1 Company May Consolidate Etc. on Certain Terms. Subject to the provisions of Section 12.2, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of the Company with or into any other corporation or corporations (whether or not affiliated with the Company), or successive consolidations or mergers in which the Company or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance or lease (or successive sales, conveyances or leases) of all or substantially all of the property of the Company, to any other corporation (whether or not affiliated with the Company), authorized to acquire and operate the same and which shall be organized under the laws of the United States of America, any state thereof or the District of Columbia; provided, that upon any such consolidation, merger, sale, conveyance or lease, the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company, shall be expressly assumed, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee by the corporation (if other than the Company) formed by such consolidation, or into which the Company shall have been merged, or by the corporation which shall have acquired or leased such property, and such supplemental indenture shall provide for the applicable conversion rights set forth in Section 15.6.

Section 12.2 Successor Corporation to Be Substituted. In case of any such consolidation, merger, sale, conveyance or lease and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, such successor corporation shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of Xilinx, Inc. any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation instead of the Company and subject to all the terms, conditions and limitations

in this Indenture prescribed, the Trustee shall authenticate and shall deliver, or cause to be authenticated and delivered, any Notes which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Notes which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Notes had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance or lease, the person named as the "Company" in the first paragraph of this Indenture or any successor which shall thereafter have become such in the manner prescribed in this Article XII may be dissolved, wound up and liquidated at any time thereafter and such person shall be released from its liabilities as obligor and maker of the Notes and from its obligations under this Indenture.

In case of any such consolidation, merger, sale, conveyance or lease, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

Section 12.3 Opinion of Counsel to Be Given Trustee. The Trustee, subject to Sections 8.1 and 8.2, shall receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance or lease and any such assumption complies with the provisions of this Article XII.

ARTICLE XIII

SATISFACTION AND DISCHARGE OF INDENTURE

Section 13.1 Discharge of Indenture. When (a) the Company shall deliver to the Trustee for cancellation all Notes theretofore authenticated (other than any Notes which have been destroyed, lost or stolen and in lieu of or in substitution for which other Notes shall have been authenticated and delivered) and not theretofore canceled, or (b) all the Notes not theretofore canceled or delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Company shall deposit with the Trustee, in trust, funds sufficient to pay at maturity or upon redemption of all of the Notes (other than any Notes which shall have been mutilated, destroyed, lost or stolen and in lieu of or in substitution for which other Notes shall have been authenticated and delivered) not theretofore canceled or delivered to the Trustee for cancellation, including principal and premium, if any, and interest due or to become due to such date of maturity or redemption date, as the case may be, and if in either case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect (except as to (i) remaining rights of registration of transfer, substitution and exchange and conversion of Notes, (ii) rights hereunder of Noteholders to receive payments of principal of and premium, if any, and interest on, the Notes and the other rights, duties and obligations of Noteholders, as beneficiaries hereof with respect to the amounts, if any, so deposited with the Trustee and (iii) the rights, obligations and immunities of the Trustee hereunder), and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel as required by Section 16.5 and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; the Company, however, hereby agreeing to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Notes.

Section 13.2 Deposited Monies to Be Held in Trust by Trustee. Subject to Section 13.4, all monies deposited with the Trustee pursuant to Section 13.1 and not in violation of Article IV shall be held in trust for the sole benefit of the Noteholders and not to be subject to the subordination provisions of Article IV, and such monies shall be applied by the Trustee to the payment, either directly or through any paying agent (including the Company if acting as its own paying agent), to the holders of the particular Notes for the payment or redemption of which such monies have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest and premium, if any.

Section 13.3 Paying Agent to Repay Monies Held. Upon the satisfaction and discharge of this Indenture, all monies then held by any paying agent of the Notes (other than the Trustee) shall, upon written request of the Company, be repaid to it or paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such monies.

Section 13.4 Return of Unclaimed Monies. Subject to the requirements of applicable law, any monies deposited with or paid to the Trustee for payment of the principal of, premium, if any, or interest on Notes and not applied but remaining unclaimed by the holders of Notes for two years after the date upon which the principal of, premium, if any, or interest on such Notes, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee on demand and all liability of the Trustee shall thereupon cease with respect to such monies; and the holder of any of the Notes shall thereafter look only to the Company for any payment which such holder may be entitled to collect unless an applicable abandoned property law designates another Person.

Section 13.5 Reinstatement. If the Trustee or the paying agent is unable to apply any money in accordance with Section 13.2 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 13.1 until such time as the Trustee or the paying agent is permitted to apply all such money in accordance with Section 13.2; provided, however, that if the Company makes any payment of interest on or principal of any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the holders of such Notes to receive such payment from the money held by the Trustee or paying agent.

ARTICLE XIV

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 14.1 Indenture and Notes Solely Corporate Obligations. No recourse for the payment of the principal of or premium, if any, or interest on any Note, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer, or director or subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

ARTICLE XV

CONVERSION OF NOTES

Section 15.1 Right to Convert. Subject to and upon compliance with the provisions of this Indenture, the holder of any Note shall have the right, at his option, at any time after sixty (60) days following the latest date of original issuance of the Notes and prior to the close of business on November 1, 2002 (except that, with respect to any Note or portion of a Note which shall be called for redemption, such right shall terminate, except as provided in Section 15.2 or Section 3.4, at the close of business on the Business Day next preceding the date fixed for redemption of such Note or portion of a Note unless the Company shall default in payment due upon redemption thereof) to convert the principal amount of any such Note, or any portion of such principal amount which is \$1,000 or an integral multiple thereof, into that number of fully paid and non-assessable shares of Common Stock (as such shares shall then be constituted) obtained by dividing the principal amount of the Note or portion thereof surrendered for conversion by the Conversion Price in effect at such time, by surrender of the Note so to be converted in whole or in part in the manner provided, together with any required funds, in Section 15.2. A holder of Notes is not entitled to any rights of a holder of Common Stock until such holder has converted his Notes to Common Stock, and only to the extent such Notes are deemed to have been converted to Common Stock under this Article XV.

Section 15.2 Exercise of Conversion Privilege; Issuance of Common Stock on Conversion; No Adjustment for Interest or Dividends. In order to exercise the conversion privilege with respect to any Note in definitive form, the holder of any such Note to be converted in whole or in part shall surrender such Note, duly endorsed, at an office or agency maintained by the Company pursuant to Section 5.2, accompanied by the funds, if any, required by the penultimate paragraph of this Section 15.2, and shall give written notice of conversion in the form provided on the Notes (or such other notice which is acceptable to the Company) to the office or agency that the holder elects to convert such Note or the portion thereof specified in said notice. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock which shall be issuable on such conversion shall be issued, and shall be accompanied by transfer taxes, if required pursuant to Section 15.7. Each such Note surrendered for conversion shall, unless the shares issuable on conversion are to be issued in the same name as the registration of such Note, be duly endorsed by, or be accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or his duly authorized attorney.

In order to exercise the conversion privilege with respect to any interest in a Note in global form, the beneficial holder must complete the appropriate instruction form for conversion pursuant to the Depository's book-entry conversion program, deliver by book-entry delivery an interest in such Note in global form, furnish appropriate endorsements and transfer documents if required by the Company or the Trustee or conversion agent, and pay the funds, if any, required by this Section 15.2 and any transfer taxes if required pursuant to Section 15.7.

As promptly as practicable after satisfaction of the requirements for conversion set forth above, subject to compliance with any restrictions on transfer if shares issuable on conversion are to be issued in a name other than that of the Noteholder (as if such transfer were a transfer of the Note or Notes (or portion thereof) so converted), the Company shall issue and shall deliver to such holder at the office or agency maintained by the Company for such purpose pursuant to Section 5.2, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such Note or portion thereof in accordance with the provisions of this Article and a check or cash in respect of any fractional interest in respect of a share of Common Stock arising upon such

conversion, as provided in Section 15.3. In case any Note of a denomination greater than \$1,000 shall be surrendered for partial conversion, and subject to Section 2.3, the Company shall execute and the Trustee shall authenticate and deliver to the holder of the Note so surrendered, without charge to him, a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Note.

Each conversion shall be deemed to have been effected as to any such Note (or portion thereof) on the date on which the requirements set forth above in this Section 15.2 have been satisfied as to such Note (or portion thereof), and the person in whose name any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become on said date the holder of record of the shares represented thereby; provided, however, that any such surrender on any date when the stock transfer books of the Company shall be closed shall constitute the person in whose name the certificates are to be issued as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such Note shall be surrendered.

Any Note or portion thereof surrendered for conversion during the period from the close of business on the record date for any interest payment date to the close of business on the Business Day next preceding the following interest payment date shall (unless such Note or portion thereof being converted shall have been called for redemption during the period from the close of business on such record date to the close of business on the Business Day next preceding the following interest payment date) be accompanied by payment, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest otherwise payable on such interest payment date on the principal amount being converted; provided, however, that no such payment need be made if there shall exist at the time of conversion a default in the payment of interest on the Notes. Except as provided above in this Section 15.2, no adjustment shall be made for interest accrued on any Note converted or for dividends on any shares issued upon the conversion of such Note as provided in this Article.

Upon the conversion of an interest in a Note in global form, the Trustee, or the Custodian at the direction of the Trustee, shall make a notation on such Note in global form as to the reduction in the principal amount represented thereby.

Section 15.3 Cash Payments in Lieu of Fractional Shares. No fractional shares of Common Stock or scrip representing fractional shares shall be issued upon conversion of Notes. If more than one Note shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted hereby) so surrendered. If any fractional share of stock would be issuable upon the conversion of any Note or Notes, the Company shall make an adjustment and payment therefor in cash at the current market value thereof to the holder of Notes. The current market value of a share of Common Stock shall be the Closing Price on the first Business Day immediately preceding the day on which the Notes (or specified portions thereof) are deemed to have been converted.

Section 15.4 Conversion Price. The conversion price shall be as specified in the form of Note (herein called the "Conversion Price") attached as Exhibit A hereto, subject to adjustment as provided in this Article XV.

Section 15.5 Adjustment of Conversion Price. The Conversion Price shall be adjusted from time to time by the Company as follows:

- (a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Price

in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company. If any dividend or distribution of the type described in this Section 15.5(a) is declared but not so paid or made, the Conversion Price shall again be adjusted to the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period expiring within 45 days after the date fixed for determination of stockholders entitled to receive such rights or warrants) to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price (as defined below) on the date fixed for determination of stockholders entitled to receive such rights or warrants, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the date fixed for determination of stockholders entitled to receive such rights or warrants by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for determination of stockholders entitled to receive such rights and warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such Current Market Price, and of which the denominator shall be the number of shares of Common Stock outstanding on the date fixed for determination of stockholders entitled to receive such rights and warrants plus the total number of additional shares of Common Stock offered for subscription or purchase. Such adjustment shall be successively made whenever any such rights and warrants are issued, and shall become effective immediately after the opening of business on the day following the date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. In the event that such rights or warrants are not so issued, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and conversely, in case outstanding shares of

Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which Section 15.5(a) applies) or evidences of its indebtedness or assets (including securities, but excluding any rights or warrants referred to in Section 15.5(b), and excluding any dividend or distribution (x) in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, (y) paid exclusively in cash or (z) referred to in Section 15.5(a) (any of the foregoing hereinafter in this Section 15.5(d) called the "Securities")), then, in each such case (unless the Company elects to reserve such Securities for distribution to the Noteholders upon the conversion of the Notes so that any such holder converting Notes will receive upon such conversion, in addition to the shares of Common Stock to which such holder is entitled, the amount and kind of such Securities which such holder would have received if such holder had converted its Notes into Common Stock immediately prior to the Record Date (as defined in Section 15.5(h) for such distribution of the Securities)), the Conversion Price shall be reduced so that the same shall be equal to the price determined by multiplying the Conversion Price in effect on the Record Date with respect to such distribution by a fraction of which the numerator shall be the Current Market Price per share of the Common Stock on such Record Date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive, and described in a resolution of the Board of Directors) on the Record Date of the portion of the Securities so distributed applicable to one share of Common Stock and the denominator shall be the Current Market Price per share of the Common Stock, such reduction to become effective immediately prior to the opening of business on the day following such Record Date; provided, however, that in the event the then fair market value (as so determined) of the portion of the Securities so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price of the Common Stock on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Noteholder shall have the right to receive upon conversion the amount of Securities such holder would have received had such holder converted each Note on the Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared. If the Board of Directors determines the fair market value of any distribution for purposes of this Section 15.5(d) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price of the Common Stock.

Each share of Common Stock issued upon conversion of Notes pursuant to this Article XV shall be entitled to receive the appropriate number of Rights, if any, and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as provided by and subject to the terms of the Rights Agreement as in effect at the time of such conversion. If the Rights are separated from the Common Stock in accordance with the provisions of the Rights Agreement such that the holders of Notes would thereafter not be entitled to receive any such Rights in respect to the Common Stock issuable upon

conversion of such Notes, the Conversion Price will be adjusted as provided in this Section 15.5(d) on the separation date; provided that if such Rights expire, terminate or are redeemed by the Company, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such separation had not occurred. In lieu of any such adjustment, the Company may amend the Rights Agreement to provide that upon conversion of the Notes the holders will receive, in addition to the Common Stock issuable upon such conversion, the Rights which would have attached to such shares of Common Stock if the Rights had not become separated from the Common Stock pursuant to the provisions of the Rights Agreement.

Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 15.5 (and no adjustment to the Conversion Price under this Section 15.5 will be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Price shall be made under this Section 15.5(d). If any such right or warrant, including any such existing rights or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Price under this Section 15.5 was made, (1) in the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Price shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants which shall have expired or been terminated without exercise by any holders thereof, the Conversion Price shall be readjusted as if such rights and warrants had not been issued.

For purposes of this Section 15.5(d) and Sections 15.5(a) and (b), any dividend or distribution to which this Section 15.5(d) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of capital stock other than such shares of Common Stock or rights or warrants (and any Conversion Price reduction required by this Section 15.5(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Conversion Price

reduction required by Sections 15.5(a) and (b) with respect to such dividend or distribution shall then be made), except (A) the Record Date of such dividend or distribution shall be substituted as "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution" and "the date fixed for such determination" within the meaning of Sections 15.5(a) and (b) and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of Section 15.5(a).

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash (excluding (x) any quarterly cash dividend on the Common Stock to the extent the aggregate cash dividend per share of Common Stock in any fiscal quarter does not exceed the greater of (A) the amount per share of Common Stock of the next preceding quarterly cash dividend on the Common Stock to the extent that such preceding quarterly dividend did not require any adjustment of the Conversion Price pursuant to this Section 15.5(e) (as adjusted to reflect subdivisions or combinations of the Common Stock), and (B) 3.75% of the arithmetic average of the Closing Price (determined as set forth in Section 15.5(h)) during the ten Trading Days (as defined in Section 15.5(h)) immediately prior to the date of declaration of such dividend, and (y) any dividend or distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary), then, in such case, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on such Record Date by a fraction of which the numerator shall be the Current Market Price of the Common Stock on the Record Date less the amount of cash so distributed (and not excluded as provided above) applicable to one share of Common Stock and the denominator shall be such Current Market Price of the Common Stock, such reduction to be effective immediately prior to the opening of business on the day following the Record Date; provided, however, that in the event the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price of the Common Stock on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Noteholder shall have the right to receive upon conversion the amount of cash such holder would have received had such holder converted each Note on the Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared. If any adjustment is required to be made as set forth in this Section 15.5(e) as a result of a distribution that is a quarterly dividend, such adjustment shall be based upon the amount by which such distribution exceeds the amount of the quarterly cash dividend permitted to be excluded pursuant hereto. If an adjustment is required to be made as set forth in this Section 15.5(e) above as a result of a distribution that is not a quarterly dividend, such adjustment shall be based upon the full amount of the distribution.

(f) In case a tender or exchange offer made by the Company or any subsidiary of the Company for all or any portion of the Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of Common Stock having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board if Directors) that as of the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) that

exceeds the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) on the Expiration Time multiplied by the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to shareholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) on the Expiration Time and the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, such reduction to become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

(g) In case of a tender or exchange offer made by a person other than the Company or any Subsidiary for an amount which increases the offeror's ownership of Common Stock to more than 25% of the Common Stock outstanding and shall involve the payment by such person of consideration per share of Common Stock having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive, and described in a resolution of the Board of Directors) at the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and in which, as of the Expiration Time the Board of Directors is not recommending rejection of the offer, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) on the Expiration Time multiplied by the current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) on the Expiration Time and the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, such reduction to become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that such person is obligated to purchase shares pursuant to any such tender or exchange offer, but such person is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made. Notwithstanding the foregoing, the adjustment described in

this Section 15.5(g) shall not be made if, as of the Expiration Time, the offering documents with respect to such offer disclose a plan or intention to cause the Company to engage in any transaction described in Article XII.

(h) For purposes of this Section 15.5, the following terms shall have the meaning indicated:

(1) "Closing Price" with respect to any securities on any day shall mean the closing sale price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in each case on the New York Stock Exchange, or, if such security is not listed or admitted to trading on such Exchange, on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the average of the closing bid and asked prices of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or if not so available, in such manner as furnished by any New York Stock Exchange member firm selected from time to time by the Board of Directors for that purpose, or a price determined in good faith by the Board of Directors or, to the extent permitted by applicable law, a duly authorized committee thereof, whose determination shall be conclusive.

(2) "Current Market Price" shall mean the average of the daily Closing Prices per share of Common Stock for the ten consecutive Trading Days immediately prior to the date in question; provided, however, that (1) if the "ex" date (as hereinafter defined) for any event (other than the issuance or distribution or Fundamental Change requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 15.5(a), (b), (c), (d), (e), (f) or (g) occurs during such ten consecutive Trading Days, the Closing Price for each Trading Day prior to the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the same fraction by which the Conversion Price is so required to be adjusted as a result of such other event, (2) if the "ex" date for any event (other than the issuance, distribution or Fundamental Change requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 15.5(a), (b), (c), (d), (e), (f) or (g) occurs on or after the "ex" date for the issuance or distribution requiring such computation and prior to the day in question, the Closing Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event, and (3) if the "ex" date for the issuance, distribution or Fundamental Change requiring such computation is prior to the day in question, after taking into account any adjustment required pursuant to clause (1) or (2) of this proviso, the Closing Price for each Trading Day on or after such "ex" date shall be adjusted by adding thereto the amount of any cash and the fair market value (as determined by the Board of Directors or, to the extent permitted by applicable law, a duly authorized committee thereof in a manner consistent with any determination of such value for purposes of Section 15.5(d), (f) or (g), whose determination shall be conclusive and described in a resolution of the Board of Directors or such duly authorized committee thereof, as the case may be) of the evidences of indebtedness, shares of capital stock or assets being distributed applicable to one share of

Common Stock as of the close of business on the day before such "ex" date. For purposes of any computation under Section 15.5(f) or (g), the Current Market Price of the Common Stock on any date shall be deemed to be the average of the daily Closing Prices per share of Common Stock for such day and the next two succeeding Trading Days; provided, however, that if the "ex" date for any event (other than the tender or exchange offer requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 15.5(a), (b), (c), (d), (e), (f) or (g) occurs on or after the Expiration Time for the tender or exchange offer requiring such computation and prior to the day in question, the Closing Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event. For purposes of this paragraph, the term "ex" date, (1) when used with respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Closing Price was obtained without the right to receive such issuance or distribution, (2) when used with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and (3) when used with respect to any tender or exchange offer means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer.

(3) "fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(4) "Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(5) "Trading Day" shall mean (x) if the applicable security is listed or admitted for trading on the New York Stock Exchange or another national security exchange, a day on which the New York Stock Exchange or another national security exchange is open for business or (y) if the applicable security is quoted on the Nasdaq National Market, a day on which trades may be made on thereon or (z) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(i) The Company may make such reductions in the Conversion Price, in addition to those required by Sections 15.5 (a), (b), (c), (d), (e), (f) and (g), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company

from time to time may reduce the Conversion Price by any amount for any period of time if the period is at least twenty (20) days, the reduction is irrevocable during the period and the Board of Directors shall have made a determination that such reduction would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Price is reduced pursuant to the preceding sentence, the Company shall mail to holders of record of the Notes a notice of the reduction at least fifteen (15) days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and the period during which it will be in effect.

(j) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this Section 15.5(j) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article XV shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest. To the extent the Notes become convertible into cash, assets, property or securities (other than capital stock of the Company), no adjustment need be made thereafter as to the cash, assets, property or such securities. Interest will not accrue on the cash.

(k) Whenever the Conversion Price is adjusted as herein provided, the Company shall promptly file with the Trustee and any conversion agent other than the Trustee an Officers' Certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the holder of each Note at his last address appearing on the Note register provided for in Section 2.5 of this Indenture, within 20 days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) In any case in which this Section 15.5 provides that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the holder of any Note converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 15.3.

(m) For purposes of this Section 15.5, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

Section 15.6 Effect of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely (i) any reclassification or change of the outstanding shares of Common Stock (other than a subdivision or combination to which Section 15.5(c) applies), (ii) any consolidation, merger or combination of the Company with another corporation as a result

of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing corporation, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that such Note shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Notes (assuming, for such purposes, a sufficient number of authorized shares of Common Stock available to convert all such Notes) immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance assuming such holder of Common Stock did not exercise his rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance (provided that, if the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of election shall not have been exercised ("nonelecting share")), then for the purposes of this Section 15.6 the kind and amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each holder of Notes, at his address appearing on the Note register provided for in Section 2.5 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 15.6 applies to any event or occurrence, Section 15.5 shall not apply.

Section 15.7 Taxes on Shares Issued. The issue of stock certificates on conversions of Notes shall be made without charge to the converting Noteholder for any tax in respect of the issue thereof. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of stock in any name other than that of the holder of any Note converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the person or persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 15.8 Reservation of Shares; Shares to Be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Common Stock to provide for the conversion of the Notes from time to time as such Notes are presented for conversion.

Before taking any action which would cause an adjustment

reducing the Conversion Price below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Notes, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue shares of such Common Stock at such adjusted Conversion Price.

The Company covenants that all shares of Common Stock which may be issued upon conversion of Notes will upon issue be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

The Company covenants that if any shares of Common Stock to be provided for the purpose of conversion of Notes hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be.

The Company further covenants that if at any time the Common Stock shall be listed on the Nasdaq National Market or any other national securities exchange or automated quotation system the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Notes; provided, however, that if rules of such exchange or automated quotation system permit the Company to defer the listing of such Common Stock until the first conversion of the Notes into Common Stock in accordance with the provisions of this Indenture, the Company covenants to list such Common Stock issuable upon conversion of the Notes in accordance with the requirements of such exchange or automated quotation system at such time.

Section 15.9 Responsibility of Trustee. The Trustee and any other conversion agent shall not at any time be under any duty or responsibility to any holder of Notes to determine whether any facts exist which may require any adjustment of the Conversion Price, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other conversion agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Note; and the Trustee and any other conversion agent make no representations with respect thereto. Subject to the provisions of Section 8.1, neither the Trustee nor any conversion agent shall be responsible for any failure of the Company to issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article. Without limiting the generality of the foregoing, neither the Trustee nor any conversion agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 15.6 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Noteholders upon the conversion of their Notes after any event referred to in such Section 15.6 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 8.1, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 15.10 Notice to Holders Prior to Certain Actions.
In case:

(a) the Company shall declare a dividend (or any other distribution) on its Common Stock that would require an adjustment in the Conversion Price pursuant to Section 15.5; or

(b) the Company shall authorize the granting to the holders of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification or reorganization of the Common Stock of the Company (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

the Company shall cause to be filed with the Trustee and to be mailed to each holder of Notes at his address appearing on the Note register provided for in Section 2.5 of this Indenture, as promptly as possible but in any event at least fifteen (15) days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

ARTICLE XVI

MISCELLANEOUS PROVISIONS

Section 16.1 Provisions Binding on Company's Successors. All the covenants, stipulations, promises and agreements by the Company contained in this Indenture shall bind its successors and assigns whether so expressed or not.

Section 16.2 Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

Section 16.3 Addresses for Notices, Etc. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Notes on the Company shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to Xilinx, Inc., 2100 Logic Drive, San Jose, California 95124, Attention: Chief Financial Officer. Any notice, direction, request or demand hereunder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a

post office letter box addressed to the Corporate Trust Office, which office is, at the date as of which this Indenture is dated, located at 2 International Place, 4th Floor, Boston Massachusetts, 02110, Attention: Corporate Trust Division (Xilinx, Inc. 5 1/4% Convertible Subordinated Notes due 2002).

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Noteholder shall be mailed to him by first class mail, postage prepaid, at his address as it appears on the Note register and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 16.4 Governing Law. This Indenture and each Note shall be deemed to be a contract made under the laws of New York, and for all purposes shall be construed in accordance with the laws of New York.

Section 16.5 Evidence of Compliance with Conditions Precedent; Certificates to Trustee. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in such certificate or opinion is based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 16.6 Legal Holidays. In any case where the date of maturity of interest on or principal of the Notes or the date fixed for redemption of any Note will not be a Business Day, then payment of such interest on or principal of the Notes need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period from and after such date.

Section 16.7 Trust Indenture Act. This Indenture is hereby made subject to, and shall be governed by, the provisions of the Trust Indenture Act required to be part of and to govern indentures qualified under the Trust Indenture Act; provided, however, that, unless otherwise required by law, notwithstanding the foregoing, this Indenture and the Notes issued hereunder shall not be subject to the provisions of subsections (a) (1), (a) (2), and (a) (3) of Section 314 of the Trust Indenture Act as now in effect or as hereafter amended or modified; provided, further, that this Section 16.7 shall not require this Indenture or the Trustee to be qualified under the Trust Indenture Act prior to the time such qualification is in fact required under the terms of the Trust Indenture Act, nor shall it constitute any admission or acknowledgment by any party to such supplemental

indenture that any such qualification is required prior to the time such qualification is in fact required under the terms of the Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in an indenture qualified under the Trust Indenture Act, such required provision shall control.

Section 16.8 No Security Interest Created. Nothing in this Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction where property of the Company or its subsidiaries is located.

Section 16.9 Benefits of Indenture. Nothing in this Indenture or in the Notes, expressed or implied, shall give to any Person, other than the parties hereto, any paying agent, any authenticating agent, any Note registrar and their successors hereunder, the holders of Notes and the holders of Senior Indebtedness, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 16.10 Table of Contents, Headings, Etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 16.11 Authenticating Agent. The Trustee may appoint an authenticating agent which shall be authorized to act on its behalf and subject to its direction in the authentication and delivery of Notes in connection with the original issuance thereof and transfers and exchanges of Notes hereunder, including under Sections 2.4, 2.5, 2.6, 2.7, 3.3 and 3.5, as fully to all intents and purposes as though the authenticating agent had been expressly authorized by this Indenture and those Sections to authenticate and deliver Notes. For all purposes of this Indenture, the authentication and delivery of Notes by the authenticating agent shall be deemed to be authentication and delivery of such Notes "by the Trustee" and a certificate of authentication executed on behalf of the Trustee by an authenticating agent shall be deemed to satisfy any requirement hereunder or in the Notes for the Trustee's certificate of authentication. Such authenticating agent shall at all times be a person eligible to serve as trustee hereunder pursuant to Section 8.9.

Any corporation into which any authenticating agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any authenticating agent shall be a party, or any corporation succeeding to the corporate trust business of any authenticating agent, shall be the successor of the authenticating agent hereunder, if such successor corporation is otherwise eligible under this Section 16.11, without the execution or filing of any paper or any further act on the part of the parties hereto or the authenticating agent or such successor corporation.

Any authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any authenticating agent by giving written notice of termination to such authenticating agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any authenticating agent shall cease to be eligible under this Section, the Trustee shall promptly appoint a successor authenticating agent (which may be the Trustee), shall give written notice of such appointment to the Company and shall mail notice of such appointment to all holders of Notes as the names and addresses of such holders appear on the Note register.

The Trustee agrees to pay to the authenticating agent from time to time reasonable compensation for its services (to the

extent pre-approved by the Company in writing), and the Trustee shall be entitled to be reimbursed for such pre-approved payments, subject to Section 8.6.

The provisions of Sections 8.2, 8.3, 8.4, 9.3 and this Section 16.11 shall be applicable to any authenticating agent.

Section 16.12 Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

State Street Bank and Trust Company hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly signed, all as of the date first written above.

XILINX, INC.

By: /s/ Robert C. Hinckley
Name: Robert C. Hinckley
Title: Vice President

STATE STREET BANK AND TRUST COMPANY,
as Trustee

By: /s/ Gary Dougherty
Name: Gary Dougherty
Title: Assistant Vice President

January 5, 1996

Mr. Willem P. Roelandts
802 Mesa Court
Palo Alto, CA 94306

Dear Wim,

We are pleased to offer you a position with Xilinx, Inc. as Chief Executive Officer reporting directly to the Board of Directors. The salary for this position will be \$41,667.00 per month (subject to annual focal review). Your Management Incentive Bonus will be targeted at 60% of your base pay and will be based on performance goals set by the Board. The first two FY97 quarters will be guaranteed (April - September 1996).

In addition, you will be offered a nonstatutory stock option to acquire 800,000 shares of common stock at a price per share equivalent to the fair market value, which will be set on your date of hire, in a meeting of the Compensation Committee of the Board of Directors. These options will vest at the rate of 1.66% per month for the following five (5) years and will start from your date of hire.

As an additional company paid benefit, Xilinx will provide you a 6 million dollar Term Life Insurance Policy for a period of 2 years following your commencement of employment with beneficiaries to be designated at your sole discretion.

Other benefits include, but are not limited to, group medical and dental insurance for you and your dependent(s) and company paid life and long-term disability insurance for you.

Upon commencement of your employment, I will ask the Board to appoint you as a member of the Board of Directors with the understanding that all board positions are subject to shareholder approval each year at the Annual Meeting.

In the event of a change in control due to the sale or merger of the Company, and you are terminated by the Company without cause within one year of the change in control, you will be eligible for two years' base pay, two years' target bonus, two years' medical and dental insurance and all unvested stock options will be vested. Medical and dental coverage will include premium payments under COBRA for 18 months continuation of the Company's existing policies and payment of premiums (not to exceed the existing premium amounts) for an additional 6 months under a policy selected by you.

Mr. Willem P. Roelandts
Page Two
January 5, 1996

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

- (a) any person or entity is or becomes the beneficial owner, directly or indirectly, of securities of the company representing 50% or more of the combined voting power of the Company's then outstanding securities;
- (b) there occurs a merger or consolidation of the Company with any other corporation, other than 1) a merger or

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

- (c) the Company sells or disposes of all or substantially all of the Company's assets.

In the event your employment with Xilinx is terminated for any reason by Xilinx other than for cause within the first two years of employment, you will be eligible for two years' base pay, two years' target bonus, and two years' medical and dental insurance and the company will vest any unvested shares of your new hire stock options that would have vested had you remained an employee for two full years from the commencement of your employment. Medical and dental coverage will include premium payments under COBRA for 18 months continuation of the Company's existing policies and payment of premiums (not to exceed the existing premium amounts) for an additional 6 months under a policy selected by you.

In the event you are terminated for cause or leave the company voluntarily, you will not be eligible for any severance payments. For purposes of this offer, "cause" is described as the commission of a felony, or the commission of any act which materially, adversely affects the Company.

Mr. Willem P. Roelandts
Page Three
January 5, 1996

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

Enclosed is a Employment Eligibility Verification form. Please read it, complete it, and return it to our Human Resources Department on your first day of employment, along with the documents asked for, which we are required by law to examine. Also enclosed is a Proprietary Information and Inventions Agreement. This offer is contingent upon your completion of this form. Also, please complete the enclosed employment application form and return it to us.

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

We look forward to your joining Xilinx, Inc.

Sincerely,

/s/ Bernard V. Vonderschmitt
Bernard V. Vonderschmitt
CEO

ACCEPTED:

DATE:

SEPARATION AGREEMENT

This Separation Agreement (the "Agreement") is made and entered into as of April 8, 1996 (the "Effective Date") by and between Curt Wozniak ("Mr. Wozniak") and Xilinx, Inc., a Delaware corporation (the "Company").

In consideration of the mutual promises and covenants contained herein, it is hereby agreed by and between the parties hereto as follows:

1. Resignation. Mr. Wozniak tenders and the Company accepts Mr. Wozniak's resignation from employment by the Company, effective as of April 15, 1996 ("Separation Date").

2. Payment. On the Separation Date of this Agreement, the Company will pay Mr. Wozniak the sum of \$360,000 plus the target bonus of \$198,000, and any accrued vacation earned as well as reimbursement for business expenses previously incurred and not yet paid, less applicable withholding.

In the event that any management bonus or profit participation is paid which is based upon the Company's performance during fiscal year 1996, Mr. Wozniak shall receive full payment of the amount of such bonus or participation which he would have received had he remained an employee of the Company, less applicable withholding.

3. Cessation of Compensation and Benefits. Except as otherwise specifically set forth in this Agreement, all compensation and Company benefits for Mr. Wozniak shall cease as of the Separation Date. Mr. Wozniak shall be entitled to convert his health care coverage to individual coverage pursuant to COBRA and shall retain beneficial ownership of any amounts held in his name under the Company's 401(k) Plan and shall be entitled to receive distributions of such amounts as provided under the 401(k) Plan and applicable law.

4. Status as Consultant. Beginning April 16, 1996 through the period ending June 15, 1996, Mr. Wozniak shall serve as a consultant to the Company (the "Consultancy Period"). During the Consultancy Period the stock options granted to Mr. Wozniak pursuant to the Company's 1988 Stock Option Plan (the "Option Plan") shall continue to vest and shall be exercisable according to the terms of the Option Plan and the applicable option agreements. The consideration set forth in this Agreement shall be the sole consideration for such consulting services.

5. Nondisparagement; Information Release. Mr. Wozniak and the Company agree that neither party will at any time interfere with or compromise the business matters of the other or disparage the other in any manner likely to be harmful to the other party, its or his business reputation, or the personal or business reputation of its directors, shareholders, and employees, provided that either party shall respond accurately and fully to any question, inquiry, or request for information when required by legal process.

6. Company Property; Personal Effects. Mr. Wozniak hereby represents and warrants to the Company that, on or before the Separation Date, he will have returned to the Company all confidential Company documents (and all copies thereof) and other Company property which he has in his possession, including, but not limited to: Company business plans, budget information, files, drawings, notes, videotapes, slides, records, marketing information, financial information and forecasts, computer-recorded information, tangible property (including without limitation any computer or other electronic equipment the Company provided to Mr. Wozniak), credit cards, entry cards, identification badges and keys. Mr. Wozniak will remove his personal effects from the Company by April 15, 1996.

7. Proprietary Information and Non-Solicitation. Mr. Wozniak hereby acknowledges his continuing obligations to refrain from any unauthorized disclosure or use of Company confidential or proprietary information obtained or developed by him during his employment with the Company. Mr. Wozniak further acknowledges that, during his employment with the Company, he has acquired knowledge of or had access to numerous types of confidential and proprietary information of the Company, including without limitation the information in his files and computers as well as the following types of information:

- * Electronic files, including but not limited to, source code, object code, tapes, diskettes, disks and any other on-line documentation.
- * Product requirements, specifications, designs, materials, components and test results.
- * Plans for research and development or introduction of new products.
- * Terms of agreements or proposed agreements with customers, vendors and other companies.
- * Sales and marketing information, customer lists, contacts, sales techniques, plans and surveys.
- * Personnel lists and information regarding skill, compensation and responsibilities of various personnel.
- * Financial information, including results of operations, margins, budgets and business plans.

Mr. Wozniak acknowledges that (i) he has had access to the types of information described above, (ii) that he is fully aware of, and agrees to protect, the confidentiality of the Company's proprietary or confidential information and (iii) that he will refrain from using or disclosing the company's proprietary or confidential information; provided, however, that consistent with Section 16600 of the California Business and Professions Code, nothing in this Agreement shall prohibit Mr. Wozniak from engaging in a law firm profession, trade or business of any kind.

Confidential or proprietary information shall not, for the purpose of this Agreement, constitute information which Mr. Wozniak can establish (i) was publicly known and made generally available in the public domain prior to the time of disclosure to Mr. Wozniak by Company; (ii) becomes publicly known and made generally available after disclosure to Mr. Wozniak by Company through no action or inaction of Mr. Wozniak; or (iii) is in the possession of Mr. Wozniak without confidentiality restrictions, at the time of disclosure by Company.

8. Release by Mr. Wozniak Except as otherwise set forth in this Agreement, Mr. Wozniak hereby releases, acquits, and forever discharges the Company and its officers, directors, partners, agents, servants, employees, stockholders, successors, assigns, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys' fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts or conduct at any time prior to the Separation Date, including, but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with the Company's employment of Mr. Wozniak or the termination of that employment; claims or demands related to salary, bonuses, commissions, stock, stock options, vacation pay, severance pay, fringe benefits and expense reimbursements or any form of compensation or equity interest; claims related to fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law; claims pursuant to any federal, state or

local law or causes of action including, but not limited to, the federal Age Discrimination in Employment Act of 1967 ("ADEA"), as amended; tort law; contract law; wrongful discharge; discrimination; defamation; emotional distress; and breach of the implied covenant of good faith and fair dealing.

Notwithstanding the foregoing, the Company is not releasing its obligation to defend, indemnify and hold harmless Mr. Wozniak for claims, actions or proceedings brought against him arising out of or in any way related to events, acts, conduct or agreements related to his employment as an officer and employee of the Company.

9. Release by the Company. Except as otherwise set forth in this Agreement, the Company hereby releases, acquits, and forever discharges Mr. Wozniak and his agents, successors, heirs, assigns, and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys' fees, damages, indemnities, and obligations of every kind and nature, in law, equity or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, based on any actions or omissions of Mr. Wozniak within the course and scope of his employment with the Company.

10. Acknowledgment of Waiver of Claims under ADEA. Mr. Wozniak acknowledges that he is waiving and releasing any rights he may have under ADEA and that this waiver and release is knowing and voluntary. Mr. Wozniak and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Agreement. Mr. Wozniak acknowledges that the consideration given for this waiver and release Agreement is in addition to anything of value to which Mr. Wozniak was already entitled. Mr. Wozniak further acknowledges that he has been advised by this writing that (a) he should consult with an attorney prior to executing this Agreement; (b) he has at least twenty-one (21) days within which to consider this Agreement; (c) he has at least seven (7) days following the execution of this Agreement by the parties to revoke the Agreement; and (d) this Agreement shall not be effective until the revocation period has expired.

11. Section 1542 Waiver. Mr. Wozniak and the Company acknowledge that they have read and understand Section 1542 of the Civil Code of the State of California which reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Mr. Wozniak and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law or legal principle of similar effect in any jurisdiction with respect to the release granted in this Agreement, included, but not limited to, any jurisdiction in the United States.

12. Confidentiality. The provisions of this Agreement shall be held in strictest confidence by Mr. Wozniak and the Company and shall not be publicized or disclosed in any manner whatsoever. Notwithstanding the prohibition in the preceding sentence: (a) Mr. Wozniak may disclose this Agreement to his immediate family; (b) the Company may disclose this Agreement in confidence to any current or future business partner; (c) the parties may disclose this Agreement in confidence to their respective attorneys, accountants, auditors, tax preparers, and financial advisors; (d) the Company may disclose this Agreement as necessary to fulfill standard or legally required corporate reporting or disclosure requirements; and (e) the parties may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law.

13. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Mr. Wozniak represents and

warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

14. Dispute Resolution. Prior to the submission of any dispute hereunder to arbitration in accordance with this paragraph, the parties shall engage in nonbinding mediation before a mutually acceptable mediator (Judicial Arbitration and Mediation Service being preapproved) in Santa Clara County, California. Disputes arising from the interpretation, breach, or enforcement of this Agreement, which cannot first be resolved by such mediation, shall be submitted to final and binding arbitration in Santa Clara County, California in accordance with the commercial arbitration rules of the American Arbitration Association then in effect. Both parties acknowledge that there may not be an adequate remedy at law if one party breaches the Agreement. Therefore, the arbitrators shall be empowered to award any appropriate equitable relief including, without limitation, specific performance and injunctive relief; and, if necessary to avoid irreparable harm pending arbitration, such equitable relief may be sought in a court of law. The arbitrators shall be limited to such remedies as courts are authorized to impose under applicable California or Federal statutes and case law.

15. Costs and Fees. Except as expressly set forth herein, the parties will bear their own costs, expenses, and attorneys' fees, whether taxable or otherwise, incurred in or arising out of or in any way related to the matters released herein.

16. Entire Agreement. This Agreement constitutes the complete, final, and exclusive embodiment of the entire agreement between the parties with respect to the subject matter hereof. This Agreement is executed without reliance upon any promise, warranty or representation, written or oral, by any party or any representative of any party other than those expressly contained herein and supersedes any other agreements, promises, warranties or representations. Each party has carefully read this Agreement, has been afforded the opportunity to be advised of its meaning and consequences by his or its respective attorney, and signed the same of his or its own free will. This Agreement may not be amended or modified except in a writing signed by both Mr. Wozniak and an authorized officer of the Company.

17. Applicable Law. This Agreement shall be deemed to have been entered into and shall be construed and enforced in accordance with the laws of the State of California, without reference to its conflicts of laws principles.

18. Successors and Assigns. This Agreement shall bind the heirs, personal representatives, successors, assigns, executors, and administrators of each party, and inure to the benefit of each party, its heirs, successors and assigns.

19. No Admissions. It is understood and agreed by the parties that this Agreement represents a compromise settlement of various disputed matters, and that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by either party to the other party or to any other person.

20. Section Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

21. Severability. If any provision of this Agreement is determined to be invalid or unenforceable under applicable law, in whole or in part, then such provision(s) shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

22. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

23. Effective Date. This Agreement is effective seven days after the signature of all parties to this Agreement.

24. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the parties hereto, with the full intent of releasing all claims. The parties acknowledge that:

a. They have read this Agreement;

b. They have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

c. They understand the terms and consequences of this Agreement and

d. They are fully aware of the legal and binding effect of this

IN WITNESS WHEREOF, the parties have duly authorized and caused this Agreement to be executed as follows:

Xilinx, Inc.

By: /s/ Curt Wozniak
Curt Wozniak

By: /s/ Willem Roelandts

Title: Chief Executive Officer

XILINX, INC.

CONSULTING AGREEMENT

This Consulting Agreement ("Agreement") is made and entered into as of this 1st day of June, 1996 by and between Xilinx, Inc. (the "Company"), and Bernard V. Vonderschmitt ("Consultant"). Consultant was the founder of the Company and has served as a member of the Board of Directors and Chief Executive Officer of the Company. Consultant has recently resigned as the Chief Executive Officer, and the Company now desires to retain Consultant as an independent contractor to perform consulting services for the Company. In consideration of the mutual promises contained herein, the parties agree as follows:

1. SERVICES AND COMPENSATION

(a) Consultant agrees to perform for the Company the services described in Exhibit A ("Services").

(b) The Company agrees to pay Consultant the compensation set forth in Exhibit A for the performance of the Services.

2. CONFIDENTIALITY

(a) "Confidential Information" means any Company proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, product plans, products, services, customers, customer lists, markets, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, marketing, finances or other business information disclosed by the Company either directly or indirectly in writing, orally or by drawings or inspection of parts or equipment.

(b) Consultant will not, during or subsequent to the term of this Agreement, use the Company's Confidential Information for any purpose whatsoever other than the performance of the Services on behalf of the Company or disclose the Company's Confidential Information to any third party, and it is understood that said Confidential Information shall remain the sole property of the Company. Confidential Information does not include information which (i) is known to Consultant at the time of disclosure to Consultant by the Company as evidenced by written records of Consultant, (ii) has become publicly known and made generally available through no wrongful act of Consultant, or (iii) has been rightfully received by Consultant from a third party who is authorized to make such disclosure.

(c) Consultant recognizes that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Consultant agrees that Consultant owes the Company and such third parties, during the term of this Agreement and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out the Services for the Company consistent with the Company's agreement with such third party.

(d) Upon the termination of this Agreement, or upon Company's earlier request, Consultant will deliver to the Company all of the Company's property or Confidential Information in tangible form that Consultant may have in Consultant's possession or control.

3. OWNERSHIP

(a) Consultant agrees that all copyrightable material, notes, records, drawings, designs, inventions, improvements, developments, discoveries and trade secrets (collectively, "Inventions") conceived, made or discovered by Consultant, solely or in collaboration with others, during the period of this Agreement which relate in any manner to the business of the Company that Consultant may be directed to undertake, investigate or experiment with, or which Consultant may become associated with in work, investigation or experimentation in the line of business of Company in performing the Services hereunder, are the sole property of the Company. In addition, any Inventions which constitute copyrightable subject matter shall be considered "works made for hire" as that term is defined in the United States Copyright Act. Consultant further agrees to assign (or cause to be assigned) and does hereby assign fully to the Company all such Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto.

(b) Consultant agrees to assist Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company, its successors, assigns and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. Consultant further agrees that Consultant's obligation to execute or cause to be executed, when it is in Consultant's power to do so, any such instrument or papers shall continue after the termination of this Agreement.

(c) Consultant agrees that if in the course of performing the Services, Consultant incorporates into any Invention developed hereunder any invention, improvement, development, concept, discovery or other proprietary information owned by Consultant or in which Consultant has an interest, the Company is hereby granted and shall have a nonexclusive, royalty-free, perpetual, irrevocable, worldwide license to make, have made, modify, use and sell such item as part of or in connection with such Invention.

(d) Consultant agrees that if the Company is unable because of Consultant's unavailability, dissolution, mental or physical incapacity, or for any other reason, to secure Consultant's signature to apply for or to pursue any application for any United States or foreign patents or mask work or copyright registrations covering the Inventions assigned to the Company above, then Consultant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Consultant's agent and attorney in fact, to act for and in Consultant's behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyright and mask work registrations thereon with the same legal force and effect as if executed by Consultant.

4. CONFLICTING OBLIGATIONS

Consultant certifies that Consultant has no outstanding agreement or obligation that is in conflict with any of the provisions of this Agreement, or that would preclude Consultant from complying with the provisions hereof, and further certifies that Consultant will not enter into any such conflicting Agreement during the term of this Agreement.

5. TERM AND TERMINATION

(a) This Agreement will commence on the date first written above and will continue until final completion of the Services or termination as provided below.

(b) The Company or Consultant may terminate this Agreement upon giving two weeks prior written notice thereof to the other party.-

(c) Upon such termination all rights and duties of the parties toward each other shall cease except:

(i) that the Company shall be obliged to pay, within thirty (30) days of the effective date of termination, all amounts owing to Consultant for unpaid Services and related expenses, if any, in accordance with the provisions of Section1 (Services and Compensation) hereof; and

(ii) Sections2 (Confidentiality), 3(Ownership) and 7 (Independent Contractors) shall survive termination of this Agreement.

6. ASSIGNMENT

Neither this Agreement nor any right hereunder or interest herein may be assigned or transferred by Consultant without the express written consent of the Company.

7. INDEPENDENT CONTRACTOR

Nothing in this Agreement shall in any way be construed to constitute Consultant as an agent, employee or representative of the Company, but Consultant shall perform the Services hereunder as an independent contractor. Consultant agrees to furnish (or reimburse the Company for) all tools and materials necessary to accomplish this contract, and shall incur all expenses associated with performance, except as expressly provided on Exhibit A of this Agreement. Consultant acknowledges and agrees that Consultant is obligated to report as income all compensation received by Consultant pursuant to this Agreement, and Consultant agrees to and acknowledges the obligation to pay all self-employment and other taxes thereon. Consultant further agrees to indemnify the Company and hold it harmless to the extent of any obligation imposed on Company (i)to pay in withholding taxes or similar items or (ii)resulting from Consultant's being determined not to be an independent contractor.

8. ARBITRATION AND EQUITABLE RELIEF

(a) Except as provided in Section9 below, the Company and Consultant agree that any dispute or controversy arising out of or relating to any interpretation, construction, performance or breach of this Agreement, shall be settled by arbitration to be held in Santa Clara County, California, in accordance with the rules then in effect of the American Arbitration Association. The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court of competent jurisdiction. The Company and Consultant shall each pay one-half of the costs and expenses of such arbitration, and each shall separately pay its respective counsel fees and expenses.

(b) Consultant agrees that it would be impossible or inadequate to measure and calculate the Company's damages from any breach of the covenants set forth in Sections2 or 3 herein. Accordingly, Consultant agrees that if Consultant breaches Sections2 or 3, the Company will have available, in addition to any other right or remedy available, the right to obtain from any court of competent jurisdiction an injunction restraining such breach or threatened breach and specific performance of any such

provision. Consultant further agrees that no bond or other security shall be required in obtaining such equitable relief and Consultant hereby consents to the issuances of such injunction and to the ordering of such specific performance.

9. GOVERNING LAW

This Agreement shall be governed by the laws of the State of California, without regard to choice of law rules.

10. ENTIRE AGREEMENT

This Agreement is the entire agreement of the parties and supersedes any prior agreements between them with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CONSULTANT

By: /s/ Bernard V. Vonderschmitt
Bernard V. Vonderschmitt

XILINX, INC.

By: /s/ Willem Roelandts
Willem Roelandts

Title: Chief Executive Officer

EXHIBIT A

SERVICES AND COMPENSATION

1. Contact. Consultant's principal Company contact:

Name: Willem Roelandts

Title: Chief Executive Officer

2. Services. Consultant will render to the Company the following Services:

Service as Chairman of the Board of the Company and, as reasonably requested by the Company, provision of advice on issues of importance to the Company including general corporate, technological and marketing issues.

3. Compensation.

(a) Continued vesting of all stock options which Consultant received as Chief Executive Officer of the Company.

(b) The Company shall reimburse Consultant for all reasonable travel and living expenses incurred by Consultant in performing Services pursuant to this Agreement.

(c) Consultant shall submit all statements for services and expenses in a form prescribed by the Company and such statement shall be approved by the contact person listed above or by his or her supervisor.

ADVANCE PAYMENT AGREEMENT

AREAS MARKED "****" REPRESENT SECTIONS FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED. THESE OMITTED SECTIONS HAVE BEEN FILED SEPARATELY WITH THE COMMISSION.

THIS ADVANCE PAYMENT AGREEMENT (the "Agreement"), is entered into this 17th day of May, 1996, by and between SEIKO EPSON CORPORATION, a Japanese corporation having its principal place of business at 3-5, Owa 3-chome, Suwa-shi, Nagano-ken 392, Japan ("Epson") and Xilinx, Inc., a Delaware corporation having its principal place of business at 2100 Logic Dr., San Jose, CA 95124, U.S.A. ("Xilinx").

1 Background

1.1 Epson

Epson is in the business of designing, manufacturing, testing and selling semiconductor devices, among other products. Epson manufactures such semiconductor devices at its plant located at 281 Fujimi, Fujimi-machi, Suwa-gun, Nagano-ken 399-02, Japan (the "Fujimi Facility") and its plant located at 166-3 Jurizuka, Sakata-shi, Yamagata-ken 998-01, Japan (the "Sakata Facility").

1.2 Xilinx

Xilinx is in the business of designing, developing and marketing CMOS programmable logic devices and related development system software.

1.3 Scope of Agreement

Epson and Xilinx have an ongoing business relationship whereby Epson fabricates semiconductor devices for Xilinx. The parties entered into an advance payment agreement dated April 1, 1994

*** The parties desire to expand their relationship.

Specifically, Xilinx desires to develop and sell high performance, advanced architecture semiconductor devices and Epson desires to construct *** CMOS process line in order to fabricate such semiconductor devices (as hereinafter further defined the "New Facility Wafers"). Accordingly, Epson and Xilinx agree that, pursuant to the terms and conditions of this Agreement, Xilinx will pay to Epson Three Hundred Million U.S. dollars (US\$300,000,000) of which Two Hundred Million U.S. dollars (US\$200,000,000) shall be made as an advance payment (as hereafter further defined the "Advance Payment") to be used as a credit to purchase New Facility Wafers from Epson over a specified period of time, and of which One Hundred Million U.S. dollars (US\$100,000,000) shall be made in such method as will be determined later in accordance with Article 11 of this Agreement. In exchange for receipt of the Advance Payment, Epson will commit to provide Xilinx with (a) *** Wafers over a specified time period and (b) a specified number of Free Wafers (as hereafter further defined the "Free Wafers"). However, the ordering, fabrication, testing and delivery requirements for the New Facility Wafers covered by this Agreement will be set forth in a purchase agreement between Xilinx and Epson (as hereafter further defined the "Purchase Agreement"). The parties acknowledge and agree that even though their obligations with respect to the quantity of the Products sold and purchased under this Advance Payment Agreement are stipulated in terms of "wafers", pricing of New Facility Wafers, ***, will be done on a "good die basis" under the Purchase Agreement.

1.4 Responsibility for Process

The parties agree that each party will contribute to the

design and implementation of the process line contemplated by this Agreement. Epson expects significant contributions from Xilinx in the construction of the *** Wafer CMOS process line described above, similar to Xilinx's contributions to previous process generations, and Xilinx expects to be able to make significant contributions to the process in order to optimize the processes for Xilinx products.

2 Definitions

- 2.1 "Advance Payment" will mean the Two Hundred Million U.S. Dollar (US\$200,000,000) payment to be made by Xilinx to Epson in the manner described in Article 4.1.
- 2.2 "Equipment" will mean the semiconductor fabrication equipment that Epson will install in the New Facility for purposes of fabricating New Facility Wafers.
- 2.3 "Existing Agreements" will mean those contracts for the development, fabrication, testing and/or sale of semiconductor devices between Epson and Xilinx in effects as of the date of this Agreement.
- 2.4 "Free Wafers" will have the meaning ascribed to it in Article 8.
- 2.5 "Fujimi Facility" will have the meaning ascribed to it in Article 1.1.
- 2.6 "New Facility" will mean the *** CMOS process line constructed at the Site using the Equipment.
- 2.7 "New Facility Wafers" will mean the semiconductor wafers fabricated by Epson for Xilinx at the New Facility. The parties agree that New Facility Wafers will consist of high performance, advanced architecture semiconductor devices. The parties do not intend that the New Facility will be used to fabricate low performance, less advanced architecture semiconductor devices.
- 2.8 "Price" will have the meaning ascribed to it in Article 10.1.
- 2.9 "Products" will mean those specific types of New Facility Wafers fabricated using the same masks and the same process flow and identified by the same series or product name or number. The Products will be ordered, fabricated, delivered and sold pursuant to the terms and conditions of Purchase Agreement(s). The Products which the parties desire to fabricate at the New Facility will be negotiated and agreed by and between Epson and Xilinx, referring to the Technology Road Map attached hereto as Exhibit B. which may be reviewed and amended from time to time by mutual agreement of the parties. The parties acknowledge, however, that the final determination of what Products will be fabricated may depend on the results of joint development and product qualification.
- 2.10 "Projected Completion Schedule" will have the meaning ascribed to it in Article 3.1.2.
- 2.11 "Purchase Agreement(s)" will mean the agreement(s) by and between Epson and Xilinx pursuant to which Epson agrees to sell and Xilinx agrees to purchase the Products, and the terms of which shall be negotiated and agreed by and between the parties after the execution of this Agreement.
- 2.12 "Purchase Commitment" will have the meaning ascribed to it in Article 7.1 and Exhibit C attached hereto.
- 2.13 "Sakata Facility" will have the meaning ascribed to it in Article 1.1.
- 2.14 "Site" will mean that portion of the Sakata Facility where the New Facility will be constructed.

2.15 "Subsidiary" will mean any corporation, partnership, joint venture or other legal entity which agrees in writing to be bound by the terms and conditions of this Agreement and more than fifty percent (50%) of whose ownership rights are controlled directly or indirectly by Epson or Xilinx, case may be, but only so long as such control exists.

2.16 "Supply Commitment" will have the meaning ascribed to it in Article 6.1 and Exhibit C.

2.17 "*** Process" will mean the ***, CMOS process owned, licensed or developed by Epson which will be used at the New Facility. The *** Process will include (a) all process flow, process steps, process conditions (and modifications thereto) used to manufacture semiconductor wafers at the New Facility as well as (b) all methods, formulae, procedures, technology and know-how associated with such process steps and process conditions. The *** Micron Process will not include any methods, formulae, procedures, technology or know-how licensed or received from Xilinx under this Agreement, the Existing Agreements or other agreements executed between the parties in the future unless otherwise agreed in writing. If the parties find it necessary or convenient to document process flow for any Product, such documentation will be signed by the parties and attached to the appropriate Purchase Agreement as an exhibit.

3 Construction of New Facility

3.1 Construction and Operation of the New Facility

3.1.1 Location and Costs

Epson hereby agrees, subject to its receipt of the full amount of the Advance Payment as provided in Article 4.1, to construct the New Facility at the Site and to install the Equipment therein.

3.1.2 Completion Schedule

The projected completion schedule for the construction of the New Facility (the "Projected Completion Schedule") is set forth in Exhibit A attached hereto. In the event Epson has reason to believe that any item in the Projected Completion Schedule designated as a "Construction Milestone" will be delayed by more than thirty (30) calendar days, Epson will promptly notify Xilinx in writing and (a) explain the reason for the delay, (b) describe the estimated amount of time that construction will be delayed and (c) describe the action that Epson will take to minimize the delay.

3.1.3 Business Interruption Insurance

Epson will use its best efforts to obtain business interruption insurance coverage for the New Facility once the construction of the New Facility is complete. The insurance will cover at least such risks as are usually insured against by companies engaged in the manufacture of semiconductor devices in Japan. Epson will maintain such business interruption insurance coverage during the term of this Agreement. Epson will furnish to Xilinx, upon written request, full information concerning the business interruption insurance coverage.

3.1.4 First Shipment Delay

For every month that Product production shipment is delayed beyond *** as specified in Exhibit A, Epson shall, in addition to the Free Wafers as prescribed in Article 8 hereof, provide additional free wafers, *** .

3.1.5 Design Requirements

Epson acknowledges that Xilinx's insurers have set forth certain safety and security requirements for semiconductor fabrication facilities, and Epson agrees to work with Xilinx to incorporate such requirements into the design of the New Facility to the extent reasonably requested by Xilinx and commercially feasible.

3.2 Representations of Epson

In order to induce Xilinx to enter into this Agreement and to make the Advance Payment hereunder, Epson hereby represents and warrants that:

3.2.1 Corporate Status

Epson (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (b) has the corporate power to own or lease its assets and to transact the business in which it is currently engaged and (c) is in compliance with all requirements of law except to the extent that the failure to comply therewith will not materially affect the ability of Epson to perform its obligations under this Agreement.

3.2.2 Corporate Authority

(a) Epson has the corporate power, authority and legal right to execute, deliver and perform this Agreement and has taken as of the date hereof all necessary corporate action to execute this Agreement, (b) the person executing this Agreement has actual authority to do so on behalf of Epson and (c) there are no outstanding assignments, grants, licenses, encumbrances, obligations or agreements, either written, oral or implied, that prohibit execution of this Agreement.

3.2.3 Ownership of the Site

Epson has such right, title and interest in and to the Site and the structures located thereon as is required to permit the operation of the Site as currently conducted and contemplated to be conducted under this Agreement.

3.3 Representations of Xilinx

In order to induce Epson to enter into this Agreement and to make the Supply Commitment, Xilinx hereby represents and warrants that:

3.3.1 Corporate Status

Xilinx is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (b) has the corporate power to own or lease its assets and to transact the business in which it is currently engaged and (c) is in compliance with all requirements of law except to the extent that the failure to comply therewith will not materially affect the ability of Xilinx to perform its obligations under this Agreement.

3.3.2 Corporate Authority

(a) Xilinx has the corporate power, authority and legal right to execute, deliver and perform this Agreement and has taken as of the date hereof all necessary corporate action to execute this Agreement, (b) the person executing this Agreement has actual authority to do so on behalf of Xilinx and (c) there are no outstanding assignments, grants, licenses, encumbrances, obligations or agreements, either written, oral or implied, that prohibit execution of this Agreement.

4 Advance Payment

4.1 Advance Payment

Xilinx shall pay to Epson an amount equal to Two Hundred Million U.S. Dollars (US\$200,000,000) ("the Advance Payment"), which Advance Payment will be credited against certain future purchases by Xilinx of New Facility Wafers as provided in Article 5. Xilinx will pay the Advance Payment in the following installments:

a) First installment of Thirty Million U.S. Dollars (US\$30,000,000) by May 28, 1996 or such later date, which may be designated in writing by Epson.

b) Second installment of Thirty Million U.S. Dollars (US\$30,000,000) by November 1, 1996.

c) Third installment of Thirty Million U.S. Dollars (US\$30,000,000) by May 1, 1997.

d) Fourth installment of Thirty Million U.S. Dollars (US\$30,000,000) by November 1, 1997 or _____ installment and acceptance of the first wafer stepper, as part of Equipment, whichever is later.

e) Fifth installment of Thirty Million U.S. Dollars (US\$30,000,000) by February 1, 1998 or _____ production start, whichever is later.

f) Sixth installment of Fifty Million U.S. Dollars (US\$50,000,000) to become due and payable by Xilinx on or after the later of April 1, 1998 and the date the unused balance of the Advance _____ Payment becomes less than One Hundred Twenty-Five Million U.S. dollars

(US\$125,000,000) . Payment of such sixth installment shall be made by Xilinx by the end of the _____ month following the month during which such sixth installment becomes due.

4.2 Payment Method

All payments made by Xilinx to Epson will be in immediately available funds and will be made by _____ wire transfer in U.S. Dollars to the following bank account of Epson at:

Fuji Bank, Head Office
5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo 100, Japan
For the Account of Seiko Epson Corporation.

4.3 Non-Refund of Advance Payment

The Advance Payment will not be refundable except as provided in Articles 6.4.1 or 15.4.

5 Application of Advance Payment

5.1 Purchase of New Facility Wafers

The Purchase price of all New Facility Wafers purchased by Xilinx as determined in accordance with Article 10.1 will be credited against the amount of the Advance Payment until the aggregate dollar value of all New Facility Wafers purchased, calculated pursuant to Article 5.2, equals or exceeds the amount of the Advance Payment.

5.2 Calculation of Aggregate Value of Wafers Purchased

The Advance Payment will be offset and reduced at the end of each calendar month in the manner set forth in Exhibit D attached hereto.

5.3 Obligations After the Completion of Off-setting the Advance Payment

Xilinx will be required to pay for all New Facility Wafers in accordance with the Purchase Agreements once the Advance Payment has been fully offset and reduced. Xilinx will make the payments to Epson in U.S. Dollars based on the Price. Further, Epson will be required to fulfill the Supply Commitment and Xilinx will be required to fulfill the Purchase Commitment until Xilinx has purchased *** New Facility Wafers. After Xilinx has purchased this fixed volume of the New Facility Wafers, during the effective period of this Agreement, Epson and Xilinx will continue to make efforts to supply and purchase at the rate of *** under fair and competitive prices to be determined between the parties.

6 Supply Commitment

6.1 Supply Commitment

Epson commits to supply to Xilinx a total of *** New Facility Wafers and Epson will fabricate such New Facility Wafers on a monthly basis in the manner set forth in Exhibit C attached hereto (the "Supply Commitment").

6.2 Purchase Agreements

The Supply Commitment will apply to Products covered by all Purchase Agreements. The parties anticipate that such Purchase Agreements will apply to high performance, advanced architecture semiconductor devices which require fabrication using the *** Process. The parties will execute all Purchase

Agreements required in connection with this Agreement.

6.3 Excess Capacity

Epson will use its best efforts to provide Xilinx with excess capacity for the New Facility in the manner specified below:

First, in the event that Xilinx desires to purchase New Facility Wafers in excess of the Purchase Commitment, Xilinx will specify in writing the amount of capacity required, the Product(s) it desires to purchase and the date from which such capacity is required.

Second, Epson will then determine how much capacity is available and notify Xilinx of its determination. Epson will give Xilinx priority over third parties for excess capacity of the New Facility except to the extent that Epson is already obligated to provide such third parties with capacity.

Third, the parties will then mutually agree upon a preliminary excess capacity allocation. Any excess capacity allocated under this Article 6.3 will be applied to the Supply Commitment and to the Purchase Commitment.

In order to provide Xilinx with first priority for unused capacity, Epson agrees to give Xilinx monthly written notice of any unused capacity for the next six (6) months, and to provide Xilinx the first right to reserve such unused capacity for any New Facility Wafers which Xilinx desires to purchase in excess of the Purchase Commitment. Xilinx will have a reasonable time to elect to reserve such excess capacity.

6.4 Failure to Meet Supply Commitment

6.4.1 Failure Due to Epson

In the event that (a) Epson fails to fulfill the Supply Commitment in the manner specified by this Agreement by the end of any month or (b) Epson has reason to believe that it will be unable to fabricate the Supply Commitment by the end of such month, then Epson will take the following measures:

First, Epson will promptly notify Xilinx in writing and describe the nature of the difficulty.

Second, Epson will use its best efforts to remedy the difficulty in an expeditious manner by the end of the second full month following the month in which Epson is unable to meet the Supply Commitment (in other words, the third month including the month in which the difficulty occurs).

Third, Epson will use its best efforts to make available during the above-referenced three (3) month period sufficient capacity at the Sakata Facility and the Fujimi Facility to cover the deficiency between the Supply Commitment and the actual capacity subject to completion of product qualification. The parties acknowledge, however, that Epson cannot guarantee the use of capacity at the Sakata Facility or the Fujimi Facility.

Fifth, in the event that the above measures are insufficient and the parties are unable to negotiate in good faith a resolution of the difficulty, then Xilinx, at its option, may elect to be repaid that portion of the Advance Payment currently outstanding and Xilinx shall have no further obligations under this Agreement.

6.4.2 Failure Due to Xilinx

Notwithstanding anything contained in Article 6.4 to the contrary, in the event that Epson fails to fulfill the Supply Commitment in any month due to (a) design defects in Products caused by Xilinx, (b) design changes requested by Xilinx, (c) process flow changes requested by Xilinx or (d) any other reason caused by Xilinx, Epson will only be required to make reasonable efforts to fulfill the Supply Commitment in such

month. Provisions concerning Xilinx's failure to fulfill its Purchase Commitment are set forth in Article 7.2.

6.4.3 Failure Due to Both Parties

Notwithstanding anything contained in Article 6.4.1, 6.4.2 or 7.1 to the contrary, in the event that Epson fails to fulfill the Supply Commitment (and Xilinx fails to fulfill the Purchase Commitment) due to difficulties caused jointly by Xilinx and Epson, the parties will mutually agree in writing upon a fair and equitable solution.

6.4.4 Failure Due to Catastrophe

In the event that any fire, flood, earthquake, explosion or any other catastrophe prevents Epson from fabricating New Facility Wafers for Xilinx, (a) Epson will immediately implement the measures required by Article 6.4.1, (b) Epson will permit Xilinx to inspect the New Facility, and (c) the parties will begin good faith negotiations to agree on a corrective action plan.

7 Purchase Commitment

7.1 Purchase Commitment for the New Facility Wafers

Xilinx will purchase each month the number of New Facility Wafers (the "Purchase Commitment") equal to the Supply Commitment until *** wafers have been purchased. Xilinx will not be required to fulfill the Purchase Commitment in the event that Epson fails to fulfill the Supply Commitment in the manner specified in Article 6.4.1. Instead, Xilinx will be required to purchase those New Facility Wafers that Epson is able to fabricate. Xilinx will not be required to fulfill the Purchase Commitment in the event of difficulties caused by both Epson and Xilinx. Instead, the parties will mutually agree in writing upon a fair and equitable solution.

7.2 Sale of Unused Capacity

In the event that Xilinx is unable to fulfill the Purchase Commitment in any month for reasons not due to Epson, Epson will use its best efforts to sell unused capacity to other customers, or to allocate unused capacity for the fabrication of Epson products during such month. Further, Epson's Supply Commitment for such month will be reduced to the same extent that Xilinx is unable to fulfill the Purchase Commitment. When Xilinx desires to increase its monthly purchases after Epson has sold or otherwise allocated unused capacity, then Epson will use its best efforts to increase capacity for Xilinx to the Supply Commitment in an expeditious manner. The parties will mutually agree upon the specific rate at which Epson will be required to ramp up capacity to the Supply Commitment.

8 Free Wafers

Epson will provide Xilinx with *** free wafers of a Product specified by Xilinx at a time specified by Xilinx for, and in addition to, every *** New Facility Wafers ordered and accepted by Xilinx (the "Free Wafers"). Free Wafers will be provided free of charge to Xilinx and will not be credited against the amount of the Advanced Payment. Epson will provide Free Wafers until Xilinx has received *** New Facility Wafers (excluding the Free Wafers). Epson will provide Xilinx with Free Wafers as an inducement for Xilinx to enter into this Agreement.

9 Fabrication and Purchase and Sale of the Product

9.1 General Terms and Conditions

The terms and conditions for the prototype wafer fabrication, wafer fabrication, order and acceptance, shipping, insurance and warranty for the Products will be set forth in the Purchase Agreements. The parties hereby express their good-faith commitment to sign all Purchase Agreements required to implement the terms and conditions of this Agreement. Epson agrees to provide all Products covered by this Agreement in

the manner required by the Purchase Agreements. The parties acknowledge that a best estimation and target of defect densities as at the date of this Agreement is set forth in Exhibit E attached hereto, which will be reviewed and amended from time to time by the parties hereto, and will be incorporated into all Purchase Agreements.

9.2 Start of Production

Qualification testing for the Products will be conducted in the manner mutually agreed upon in writing by the parties. Once any Product has been qualified, Epson will begin mass production of such Product.

9.3 Turn Around Time

The parties acknowledge that the lead time for shipment of New Facility Wafers, defined as the time from Xilinx's process release until delivery of New Facility Wafers to assembler, known as a "turn around time", is of the essence, and agree that the parties shall set annual target turn around time and make their joint efforts to achieve such target in accordance with Exhibit F ("Turn Around Time").

10 Wafer Pricing and Payment

10.1 Determination of Price

The parties have already expressly agreed to (a) certain procedures to annually determine prices of New Facility Wafers (the "Price") and (b) certain procedures of determining the price of all Products per die, as described in Exhibit D. The Price herein shall be applicable until Xilinx has completed the purchase of *** wafers under the terms of this Agreement.

10.2 Shipping. Insurance. Taxes. Duties and Other Fees

Epson will deliver the Products to Xilinx's designated facility in Japan or Xilinx's designated carrier in Japan on an F.O.B. basis. Epson will be responsible for paying, in connection with such sale and delivery in Japan (a) all domestic freight, insurance and other shipping expenses and (b) sales, use, excise, ad valorem, withholding or other taxes. The risk of loss will pass to Xilinx at F.O.B. point in Japan. Further, Xilinx will be responsible for paying all freight, insurance, fees, expenses, taxes, tariffs and duties required in connection with the export of the Products from F.O.B. point in Japan and the import into any other country.

10.3 Payment

Other than through offset of the Advance Payment, Xilinx will not be required to pay for any New Facility Wafers delivered under this Agreement or any Purchase Agreement until the Advance Payment has been fully offset and reduced. Once the Advance Payment is fully offset and reduced, Xilinx will be required to pay Epson in the manner specified in the Purchase Agreements based on the Price until Xilinx has purchased *** New Facility Wafers.

10.4 Die Based Transaction

Notwithstanding anything to the contrary contained herein, the parties acknowledge and agree that all purchases made pursuant to Purchase Agreements, starting with the purchase of *** devices, will be made on a "good die basis" even though the Supply Commitment, the Purchase Commitment and other obligations of this Agreement are described on a wafer basis. Such "good die basis" transaction shall be made in reference to "Die Pricing Mechanism in Exhibit D" and "Defect Density Goal" in Exhibit E.

11 Additional Funding by Xilinx

Xilinx agrees to make funding to Epson of one hundred million U. S. dollars (US\$100,000,000) , in addition to its funding of the Advance Payment, in accordance with the following conditions:

a) At such time as Xilinx makes the

sixth installment of the Advance Payment pursuant to Section 4.1(f) above (the "Sixth Installment Date"), the parties shall commence negotiations on the form of the additional funding comprising the following funding methods:

- i) security deposit;
- ii) additional advance Payment ("additional Advance Payment"); or
- iii) other commercially reasonable alternative.

b) If Xilinx chooses the security deposit alternative, the parties shall negotiate in good faith the detailed conditions of such security deposit, including without limitation the following: i) discount rate on the Price calculated in Free Wafers; and

- ii) repayment schedule

c) If the parties agree on the additional Advance Payment alternative, Xilinx's additional funding shall be made as an additional Advance Payment, and will be deemed to be a part of the Advance Payment for all purposes hereunder.

d) Regardless of the form of the funding agreed to by the parties, Xilinx's additional funding shall be made subject to the following conditions, unless the parties agree otherwise:

- i) payment shall be made in two installments of fifty million U.S. dollars (US\$50,000,000) each, which will become due and payable when the unused balance of the Advance Payment and any previously-paid additional Advance Payment becomes less than one hundred twenty-five million U.S. dollars (US\$125,000,000), provided that if the security deposit alternative is chosen, the first installment shall be made at such time as Xilinx has purchased fifty million U.S. dollars (US\$50,000,000) of New Facility Wafers subsequent to the Sixth Installment Date, and the second installment shall be made at such time as Xilinx has purchased fifty million U.S. dollars (US\$50,000,000) of New Facility Wafers subsequent to the date the first security deposit installment is paid; and

- ii) other conditions, including Free Wafers and procedures to offset from the additional Advance Payment shall remain unchanged from those applied to the original Advance Payment.

12 Technical Cooperation and Support

The parties desire to engage in various types of joint development and technical cooperation activities required to fabricate Products and to effectuate the terms and conditions of this Agreement. The parties agree to negotiate in good faith a joint development and technical cooperation agreement in the future. Also the parties will continue to develop jointly *** process under the terms of separate agreements to be executed between the parties from time to time for specific projects or product development work.

13 Intellectual Property Rights

Epson warrants that it has all necessary rights to develop, manufacture and sell to Xilinx the New Facility Wafers. Epson will indemnify and hold harmless Xilinx from any loss, damage or expense (including attorney's fees) arising from claims that the sale or use of the New Facility Wafers infringes on the intellectual property rights of third parties except where such infringement is caused by Xilinx's instruction or specifications thereto.

14 Confidential Information

14.1 Definitions

"Confidential Information" means technical information, specifications, data, drawings, designs or know-how disclosed between Epson and Xilinx in connection with this Agreement. Confidential Information does not include information or material that is expressly covered by confidentiality provisions of Existing Agreements, it being understood that

such provisions will apply.

14.2 Marking

If Confidential Information is provided in a tangible form, it will be marked as confidential or proprietary. If Confidential Information is provided orally, it will be treated as confidential and proprietary if it is treated as confidential or proprietary at the time of disclosure by the disclosing party and described as such in a writing provided to the other party within thirty (30) days of the oral disclosure, which writing will be marked as confidential or proprietary.

Material that is not marked as required by this Article 14.2 will not be deemed Confidential Information.

14.3 Restrictions on Use

During the term of this Agreement and for a period of *** years following disclosure of any Confidential Information, the receiving party will: (a) hold the Confidential Information in confidence using the same degree of care that it normally exercises to protect its own proprietary information but no less than a reasonable degree of care, (b) restrict disclosure and use of Confidential Information solely to those employees (including any contract employees or consultants) of such party on a need-to-know basis, and not disclose it to other employees or parties, and (c) restrict the number of copies of Confidential Information to the number required to carry out its obligations under this Agreement.

14.4 Exceptions to Confidentiality Obligations

Neither party will use or disclose the other party's Confidential Information except as permitted by this Agreement. The receiving party, however, will have no obligations concerning the disclosing party's Confidential Information if the disclosing party's Confidential Information:

- a) is made public before the disclosing party discloses it to the receiving party;
- b) is made public after the disclosing party discloses it to the receiving party (unless its publication is a breach of this Agreement or any other agreement between Epson and Xilinx);
- c) is rightfully in the possession of the receiving party before the disclosing party discloses it to the receiving party
- d) is independently developed by the receiving party without the use of the Confidential Information, if such independent development is supported by documentary evidence; or
- e) is rightfully obtained by the receiving party from a third party who is lawfully in possession of the information and not in violation of any contractual, legal or fiduciary obligation to the disclosing party with respect to the information.

14.5 Return of Confidential Information

Upon termination of this Agreement, a party who has received Confidential Information from the other party pursuant to this Agreement will return, within fourteen (14) days of the disclosing party's request for return, all Confidential Information that was obtained or learned by the receiving party from the disposing party, together with all copies, excerpts and translations thereof.

15 Term and Termination of Agreement

15.1 Term

The term of this Agreement will extend from the date first written above until March 31, 2002, unless terminated earlier pursuant to Article 15.2 or 15.3. After the expiration of this Agreement, Epson and Xilinx shall continue to make efforts to supply and purchase a certain volume of wafers per month under fair and competitive prices to be determined between the parties.

15.2 Termination

Either party may terminate or suspend this Agreement immediately and without liability upon written notice to the other party if any one of the following events occurs;:

a) the other party files a voluntary petition in bankruptcy or otherwise seeks protection under any law for the protection of debtors;

b) a proceeding is instituted against the other party under any provision of any bankruptcy laws which is not dismissed within ninety (90) days;

c) the other party is adjudged bankrupt;

d) a court assumes jurisdiction of all or a substantial portion of the assets of the other party under a reorganization law;

e) a trustee or receiver is appointed by a court for all or a substantial portion of the assets of the other party;

f) the other party becomes insolvent, ceases or suspends all or substantially all of its business;

g) the other party makes an assignment of the majority of its assets for the benefit of creditors; or

h) a direct competitor of one party acquires, through merger, consolidation, acquisition or otherwise, an interest in excess of fifty percent (50%) of the voting securities or assets of the other party.

15.3 Termination for Cause

If either party fails to perform or violates any material obligation of this Agreement, then, sixty (60) days after providing written notice to the breaching party specifying the default (the "Default Notice"), the non-breaching party may terminate this Agreement, without liability, unless:

a) the breach specified in the Default Notice has been cured within the sixty (60) day period; or

b) the default reasonably required more than sixty (60) days to correct, and the defaulting party has begun substantial corrective action to remedy the default within such sixty (60) day period and diligently pursues such action, in which event, the non-breaching party may not terminate or suspend this Agreement unless one hundred twenty (120) days has expired from the date of the Default Notice without such corrective action being completed and the default remedied.

15.4 Effect of Termination

In the event of any termination of this Agreement, Epson shall pay to Xilinx within thirty (30) days after such termination an amount of money equal to the unused balance of the Advance Payment (including the dollar amount equivalent to the outstanding balance of Free Wafers, if any, resulting from delays in wafer shipment as prescribed in Articles 3.1.4 and 6.4.1).

15.5 Survival of Obligations

The following Articles will survive any expiration, termination or cancellation of this Agreement and the parties will continue to be bound by the terms and conditions thereof: 13, 14, 15.2, 15.3 and 15.4.

16 Miscellaneous

16.1 Order of Precedence

In the event of any conflicts between this Agreement and any Purchase Agreement, any purchase orders, acceptances, correspondence, memoranda, listing sheets or other documents forming part of an order for the Products placed by Xilinx and accepted by Epson, priority will be given first to this Agreement, second to the Purchase Agreements, third to Epson's acceptance, fourth to Xilinx's order and then to any other documents. In no event, however, will either party's standard terms and conditions be applicable to the transactions between the parties, unless expressly accepted in writing by the other party.

16.2 Dispute Resolution

16.2.1 Meeting of Executives

In the event that any dispute or disagreement between the parties as to any provision of this Agreement arises, prior to taking any other action, the matter will be referred to responsible executives of the parties for consideration and resolution. Any party may commence such proceedings by delivering a written request to the other party for a meeting of such responsible executives. The other party will be required to set a date for the meeting to be held within thirty (30) days after receipt of such request and the parties agree to exercise their best efforts to settle the matter amicably.

16.2.2 Location of Meeting

In the event that Epson initiates the proceedings described in Article 16.3.1, the first meeting will be held in San Jose, California and all subsequent meetings will alternate between Tokyo, Japan, and San Jose, California. In the event that Xilinx initiates the proceedings described in Article 16.3.1, the first meeting will be held in Tokyo, Japan and all subsequent meetings will alternate between San Jose, California and Tokyo, Japan.

16.2.3 Demand for Arbitration

Any dispute relating to and/or arising out of this Agreement will be decided exclusively by binding arbitration under procedures which ensure efficient and speedy resolution. Such an arbitration may be commenced by either party involved in the dispute (i) after the expiration of a sixty (60) day period following the written request to resolve the dispute, and/or (ii) at such earlier time as any party involved repudiates and/or refuses to continue with its obligations to negotiate in good faith. The arbitration hearing will be conducted in the State of Hawaii, and will be in the English language (with translations and interpretations as reasonable for the presentation of evidence and/or conduct of the arbitration). Notwithstanding anything to the contrary, any party may apply to any court of competent jurisdiction for interim injunctive relief as may be allowed under applicable law with respect to irreparable harm which cannot be avoided and/or compensated by such arbitration proceedings, without breach of this Section 16.3.3 and without any abridgement of the powers of the arbitrators.

The arbitration will be conducted under the Rules of the Asia Pacific Arbitration Center. Notwithstanding anything to the contrary, (i) the arbitrators will have the power to order discovery to the extent they find such discovery necessary to achieve a fair and equitable result and (ii) the arbitrators shall require pre-hearing exchange of documentary evidence to be relied upon by each of the respective parties in their respective cases in chief, and pre-hearing exchange of briefs, witness lists, and summaries of expected testimony.

The arbitrators will make their decision in writing.

16.2.4 Arbitrators

The arbitration will be conducted by three (3) arbitrators. No person with a beneficial interest in the dispute under arbitration may be an arbitrator. The parties will make reasonable efforts to select arbitrators with experience in the field of computers and law.

16.2.5 Binding Effect

The decision or award rendered or made in connection with such arbitration will be binding upon the parties and judgment thereon may be entered in any court having jurisdiction and/or application may be made to such court for enforcement of such decision or award. However, the arbitrators will not have the authority to create any licenses. They will only be permitted to enforce licenses which the parties have otherwise agreed to in the Agreement or the Existing Agreements.

16.2.6 Expenses

The expenses of the arbitrators will be shared equally by the parties; each party will otherwise be responsible for the costs and attorney's fees incurred by it.

16.3 Consequential Damages

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES (INCLUDING LOST PROFITS) WHETHER BASED ON WARRANTY, CONTRACT, TORT OR ANY OTHER LEGAL THEORY REGARDLESS OF WHETHER SUCH PARTY HAD ACTUAL OR CONSTRUCTIVE NOTICE OF SUCH DAMAGES.

16.4 Assignment

Neither party will assign, transfer or otherwise dispose of this Agreement in whole or in part without the prior consent of the other party in writing, and such consent will not be unreasonably withheld. Except as the case set forth in Article 14.2 (h) above, this Agreement may be assigned to any Subsidiary or to a successor who has acquired a majority of its business or assets of the assigning party.

16.5 Public Announcements

Neither party will publicly announce the execution or existence of this Agreement or disclose the terms and conditions of this Agreement without first submitting the text of such announcement to the other party and receiving the approval of the other party of such text, which approval, unless public disclosure is required by a court or a government agency, may be withheld for any reason. However, Xilinx may disclose the existence and the terms of this Agreement in a registration statement filed with the Securities and Exchange Commission or in accordance with generally accepted accounting procedures under the rules of the Securities and Exchange Commission or National Association of Securities Dealers Automated Quotations.

16.6 Notice and Communications

Any notices required or permitted to be given hereunder will be in English and be sent by (i) registered airmail or (ii) cable, facsimile or telex to be confirmed by registered airmail, addressed to:

To Epson:

281 Fujimi, Fujimi-machi, Suwa-gun
Nagano-ken 399-02, Japan
Attn: Nobuo Hashizume,
Director and Corporate General Manager
Semiconductor Operations Division
Tel: 81-266-61-1211
Fax: 81-266-61-1270

To Xilinx:

2100 Logic Dr., San Jose CA95124, U.S.A.
Attn: Willem Roelandts
President and Chief Executive Officer
Tel: 1-408-559-7778
Fax: 1-408-559-7114

Any such notice will be deemed given at the time of its receipt by the addressee.

16.7 Relationship of the Parties

Epson and Xilinx are independent contractors and neither of them will be nor represent themselves to be the legal agent, partner or employee of the other party for any purpose. Neither party will have the authority to make any warranty or representation on behalf of the other party nor to execute any contract or otherwise assume any obligation or responsibility in the name of or on behalf of the other party. In addition, neither party will be bound by, nor liable to, any third person for any act or any obligations or debt incurred by the other party, except to the extent specifically agreed to in writing by the parties.

16.8 Waiver and Amendment

Failure by either party, at any time, to require performance by the other party or to claim a breach of any provision of this Agreement will not be construed as a waiver of any right accruing under this Agreement, nor will it affect any subsequent breach or the effectiveness of this Agreement or any part hereof, or prejudice either party with respect to any subsequent action. A waiver of any right accruing to either party pursuant to this Agreement will not be effective unless given in writing.

16.9 Severability

In the event that any provision of this Agreement will be unlawful or otherwise unenforceable, such provision will be severed, and the entire agreement will not fail on account thereof, the balance continuing in full force and effect, and the parties will endeavor to replace the severed provision with a similar provision that is not unlawful or otherwise unenforceable.

16.10 Rights and Remedies Cumulative

The rights and remedies provided herein will be cumulative and not exclusive of any other rights or remedies provided by law or otherwise.

16.11 Headings

The Article headings in this Agreement are for convenience only and will not be considered a part of, or affect the interpretation of, any provision of this Agreement.

16.12 Governing Language

This Agreement and all communications pursuant to it will be in the English language. If there is any conflict between the English version and any translated version of this Agreement, the English version will govern.

16.13 Force Majeure

Except as otherwise expressly provided for herein, no party will be liable in any manner for failure or delay in fulfillment of all or part of this Agreement directly or indirectly owing to any causes or circumstances beyond its control, including, but not limited to, acts of God, governmental order or restrictions, war, war-like conditions, hostilities, sanctions, revolutions, riot, looting, strike, lockout, plague or other epidemics, fire and flood.

16.14 Counterparts

This Agreement may be executed in any number of counterparts, and all such counterparts will together constitute but one Agreement.

16.15 Integration

This Agreement sets forth the entire agreement and understanding between the parties as to its subject matter and supersedes all prior agreements, understandings and memoranda between the parties, except for the Existing Agreements. No amendments or supplements to this Agreement will be effective for any purpose except by a written agreement signed by the parties.

16.16 Government Approvals; Export Control Laws

Epson will file all reports and notifications that may be required to be filed with any agency of the Government of Japan in order to allow the performance of this agreement according to its terms. Xilinx will be responsible for obtaining all licenses and permits required to export the Products from Japan. Neither party will transmit indirectly or directly any Products or technical information contained in the Confidential Information except in accordance with applicable Japanese and United States export control laws, regulations and procedures.

IN WITNESS WHEREOF, the parties have signed this Agreement as

of the date first above written.

SEIKO EPSON CORPORATION

By: /s/ Nobuo Hashizume
Name: Nobuo Hashizume
Title: Director and Corporate General Manager
Semiconductor Operations Division

XILINX, INC.

By: /s/ Willem Roelandts
Name: Willem Roelandts
Title: President and Chief Executive Officer

AREAS MARKED "****" REPRESENT SECTIONS FOR WHICH CONFIDENTIAL
TREATMENT AS BEEN REQUESTED. THESE OMITTED SECTIONS HAVE BEEN
FILED SEPARATELY WITH THE COMMISSION.

EXHIBIT A

"Projected Completion Schedule"

EXHIBIT B

"Process Road Map"

EXHIBIT C

"Supply/Purchase Commitment"

EXHIBIT D

"Price Determination Procedure"

"Advance Payment Offset Procedure"

"Die Pricing Mechanism"

EXHIBIT E

"Defect Densities Goal"

EXHIBIT F

"Turn Around Time"

EXHIBIT A

T-Wing Start-Up Schedule

EXHIBIT B

Seiko VLSI Technology Roadmap

EXHIBIT C

Supply/Purchase Commitment

EXHIBIT D

Price Determination Procedure

Advance Payment Offset Procedure

Die Pricing Mechanism

EXHIBIT E

Defect Densities Goal

EXHIBIT F

Turn Around Time

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

	Years Ended March 31,		
	1996	1995	1994
	-----	-----	-----
PRIMARY			
Weighted average number of common shares outstanding	71,092	69,414	67,962
Incremental common shares attributable to outstanding options	7,863	4,695	4,275
	-----	-----	-----
Total shares	78,955	74,109	72,237
	-----	-----	-----
Net income	\$ 101,454	\$ 59,278	\$ 41,279
	-----	-----	-----
Net income per share	\$ 1.28	\$ 0.80	\$ 0.57
	-----	-----	-----
FULLY DILUTED			
Weighted average number of common shares outstanding	71,092	69,414	67,962
Incremental common shares attributable to outstanding options	8,146	5,124	4,275
	-----	-----	-----
Total shares	79,238	74,538	72,237
	-----	-----	-----
Net income	\$ 101,454	\$ 59,278	\$ 41,279
	-----	-----	-----
Net income per share	\$ 1.28	\$ 0.80	\$ 0.57
	-----	-----	-----

EXHIBIT 12

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

	Years Ended March 31,				
	1996	1995	1994	1993	1992
Income before taxes	\$ 170,902	\$ 94,845	\$ 67,436	\$ 43,610	\$ 33,758
Add fixed charges	6,356	1,213	1,113	1,181	1,038
Earnings (as defined)	\$ 177,258	\$ 96,058	\$ 68,549	\$ 44,791	\$ 34,796
Fixed charges					
Interest expense	\$ 5,282	\$ 549	\$ 535	\$ 659	\$ 652
Amortization of debt issuance costs	363	--	--	--	--
Estimated interest component of rent expenses	711	664	578	522	386
Total fixed charges	\$ 6,356	\$ 1,213	\$ 1,113	\$ 1,181	\$ 1,038
Ratio of earnings to fixed charges	27.9	79.2	61.6	37.9	33.5

EXHIBIT 22.1

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
NeocAD, Inc.	Delaware

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-80075, 33-83036, 33-52184 and 33-67808) pertaining to the 1988 Stock Option Plan and the 1990 Employee Qualified Stock Purchase Plan of Xilinx, Inc. and Registration Statement (Form S-3 No. 333-00054) filed in conjunction with the Company's issuance of convertible subordinated notes and in the related Prospectuses of our report dated April 17, 1996, with respect to the consolidated financial statements and schedule included in this Annual Report (Form 10-K) for the year ended March 30, 1996.

/s/ Ernst & Young LLP

San Jose, California
June 21, 1996

EXHIBIT 25.1

POWER OF ATTORNEY

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

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

Signature	Title	Date
/s/ Bernard V. Vonderschmitt (Bernard V. Vonderschmitt)	Chairman of the Board	June 20, 1996
/s/ Willem P. Roelandts (Willem P. Roelandts)	Chief Executive Officer (Principal Executive Officer) and Director	June 20, 1996
/s/ Gordon M. Steel (Gordon M. Steel)	Senior Vice President of Finance and Chief Financial Officer (Principal Accounting and Financial Officer)	June 20, 1996
/s/ Philip T. Gianos (Philip T. Gianos)	Director	June 20, 1996
/s/ John L. Doyle (John L. Doyle)	Director	June 20, 1996

EXHIBIT 26

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, 1994: -----				
Allowance for doubtful accounts and customer returns	\$2,678	\$2,500	\$1,326	\$3,852
For the year ended March 31, 1995: -----				
Allowance for doubtful accounts and customer returns	\$3,852	\$1,775	\$764	\$4,863
For the year ended March 31, 1996: -----				
Allowance for doubtful accounts and customer returns	\$4,863	\$5,296	\$4,960	\$5,199

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

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