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Item 3. Legal Proceedings

The Company filed a petition with the U.S. Tax Court on March 26, 2001 in response to assertions by the Internal Revenue Service that the Company owed additional tax for fiscal years 1996 through 1998. The Company is in discussions with the Appeals Office of the Internal Revenue Service to resolve and settle the issues. Two issues have been settled with the Appeals Office and we are exploring possibilities for settlement of additional issues. The issue of whether the value of compensatory stock options must be included in the cost sharing agreement with Xilinx Ireland is still unresolved, with the Company filing a motion for summary judgment in February 2002 and the Internal Revenue Service filing a cross motion for summary judgment in March 2002. It is premature to comment further on the likely outcome of any issues that have not been settled to date.

Other than as stated above, we know of no legal proceedings contemplated by any governmental authority or agency against the Company.

On January 15, 2002, the Company served process against Bausch & Lomb claiming trademark infringement of the Xilinx trademark. At this point in time, it is premature to comment on the likely outcome of this case. Given the nature of the action, however, it is unlikely this new case will have a material effect on the Company's results of operations or its financial condition.

In March 2002, Aldec, Inc. (Aldec) filed a complaint in the United States District Court, Northern District of California, alleging copyright infringement and breach of contract by the Company arising from the expiration of a license agreement for certain Aldec software. Aldec sought a temporary restraining order (TRO) simultaneous with the filing of its complaint. The Court denied the request for a TRO. On May 7, 2002, Aldec filed an amended complaint seeking a preliminary injunction, permanent injunctive relief and unspecified damages. Xilinx believes the claims are without merit and intends to vigorously contest the claims. At this point in time, it is premature to comment on the likely outcome of this case. Given the nature of the action, however, it is unlikely this case will have a material effect on the Company's results of operations or its financial condition.

Except as stated above, there are no pending legal proceedings of a material nature to which we are a party or of which any of our property is the subject.

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