

The Xilinx Code of Conduct and Business Ethics contains the Company's core expectations of the manner in which employees will conduct business on behalf of Xilinx. All of our employees are required to abide by our long-standing standards of Business Ethics and Conduct to ensure that Xilinx operates in a consistent legal and ethical manner. The Board of Directors has adopted a Code of Ethics pertaining to the Board, which covers topics including insider trading, conflicts of interest, financial reporting and compliance with other laws.

Additional Information

Our Internet address is www.xilinx.com. We make available, via a link through our investor relations website located at www.investor.xilinx.com, access to our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission. All such filings on our investor relations website are available free of charge.

ITEM 2. PROPERTIES

Our corporate offices, which include the administrative, sales, customer support, marketing, research and development and final testing groups are located in San Jose, California. The site consists of adjacent buildings providing 588,000 square feet of space, which we own. We purchased 87 acres of land in South San Jose near our corporate facility in February 2000. Plans for infrastructure and the future development of this land have not been finalized. In July 2000, due to the anticipated rapid growth of the Company, we purchased two adjacent buildings near downtown San Jose providing 200,000 square feet of office space. These buildings were renovated, but the Company never took occupancy. During fiscal 2004 and 2003, the Company recognized impairment losses on excess facilities related to the vacant property in San Jose. In March 2004, the Company sold this facility. See Note 6 to our consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data."

In addition, we own a 228,000 square foot administrative, research and development and final testing facility in the metropolitan area of Dublin, Ireland. The Irish facility is primarily used to service our customer base outside of North America.

We also own a 130,000 square foot facility in Longmont, Colorado. The Longmont facility serves as the primary location for our software efforts in the areas of research and development, manufacturing and quality control. In July 2000, the Company also purchased a 200,000 square foot facility and 40 acres of land adjacent to the Longmont facility for future expansion. The facility is being partially leased to tenants under short-term lease agreements and partially used by the Company.

We own a 45,000 square foot facility in Albuquerque, New Mexico used for the development of our CoolRunner CPLD product families as well as IP cores. We lease office facilities for our engineering design centers in Minneapolis, Minnesota and Austin, Texas and our subsidiary, Triscend Corporation in Mountain View, California.

We also lease North American sales offices in various locations which include the metropolitan areas of Chicago, Dallas, Denver, Los Angeles, Nashua, Ottawa, Raleigh, San Diego, San Jose and Toronto as well as international sales offices located in the metropolitan areas of Brussels, Hong Kong, London, Milan, Munich, Osaka, Paris, Seoul, Shanghai, Shenzhen, Stockholm, Taipei, Tel Aviv and Tokyo.

In April 2004, we entered into a sublease on a 15,000 square foot facility in Singapore. The Singapore facility will serve as our regional headquarters in Asia and will support our customers in Asia Pacific and Japan.

ITEM 3. LEGAL PROCEEDINGS

The Internal Revenue Service (IRS) has audited and issued proposed adjustments to the Company for fiscal years 1996 through 2001. To date, several issues have been settled with the Appeals Office of the IRS. As of April 3, 2004, unresolved issues asserted by the IRS total \$19.0 million in additional taxes due, including penalties and a reduction of future net operating losses of \$31.2 million.

We filed a petition with the U.S. Tax Court on March 26, 2001, in response to assertions by the IRS that the Company owed additional tax for fiscal years 1996 through 1998. Several issues, including the arm's length royalty issue discussed below, have been settled with the Appeals Office of the IRS.

In October 2002, the IRS issued a notice of deficiency for fiscal year 1999. The notice of deficiency was based on issues that were also asserted in the previous notice of deficiency for fiscal years 1996 through 1998. On January 14, 2003, the Company filed a petition with the U.S. Tax Court in response to the October 2002 notice of deficiency.

In October 2003, the IRS issued a notice of deficiency for fiscal year 2000. The notice of deficiency was based on issues that were also asserted in the previous notices of deficiency for fiscal years 1996 through 1999. In addition, the IRS disallowed a carryback of general business credits from fiscal year 2000 to fiscal year 1995. The Company filed a petition with the U.S. Tax Court on January 16, 2004, in response to the October 2003 notice of deficiency.

On April 6, 2004, we filed a settlement stipulation concerning the arm's length royalty for the license between the Company and Xilinx Ireland for fiscal years 1996 through 1999. On April 29, 2004, we filed a settlement stipulation concerning the arm's length royalty for the license between the Company and Xilinx Ireland for fiscal year 2000. The IRS agreed not to increase Xilinx's taxable income for this issue. The IRS had asserted increased taxable income of \$242 million for fiscal years 1996 through 1999 and \$57 million for fiscal year 2000.

One of the unresolved issues relates to whether the value of compensatory stock options must be included in the cost sharing agreement with Xilinx Ireland. The Company and the IRS filed cross motions for summary judgment in 2002 relating to this stock option cost sharing issue. In March 2003, the IRS changed its position concerning the treatment of stock options in cost sharing agreements. The IRS now excludes stock options granted prior to the beginning of the cost sharing agreement with Xilinx Ireland. The IRS change in position reduced the amount originally at issue on the treatment of stock options in cost sharing agreements, which was the subject of the summary judgment motions. On October 28, 2003, the Tax Court issued an order denying both Xilinx's and the IRS's cross motions for summary judgment on the stock option cost sharing issue. The order stated that evidence is necessary to establish whether the stock options are a cost related to research and development and to determine whether unrelated parties would share the cost of stock options in a cost sharing agreement. The Court has granted an IRS motion to amend its answer to assert an alternative deficiency based on the Black-Scholes value of stock options on grant. The trial for this issue has been set for July 14, 2004, and fiscal year 1999 has been combined with the fiscal years 1997 to 1998.

We are in discussions with the Appeals Office to resolve and settle the remaining issues, other than the stock option cost sharing issue discussed above. It is premature to comment further on the likely outcome of any issues that have not been settled to date. We believe we have meritorious defenses to the remaining adjustments and sufficient taxes have been provided.

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

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 September 2, 2003, the Company settled all outstanding litigation with Aldec, for an amount that was immaterial to the Company's results of operations or its financial condition.

In fiscal year 2004, the Company allowed sales representative agreements with three related European entities, Rep'tronic S.A., Rep'tronic España, and Acis S.r.l., a Rep'tronic Company (collectively Rep'tronic) to expire pursuant to their terms. In May 2003, Rep'tronic filed lawsuits in the High Court of Ireland against the Company claiming compensation arising from termination of an alleged commercial agency between Rep'tronic and the Company. On March 31, 2004, Rep'tronic amended each of its statements of claim to include an additional claim related to the termination of the alleged commercial agency. The Company has not yet been required to file its defense and no significant discovery has occurred.

On January 21, 2004, Rep'tronic S.A. joined Xilinx SARL into a lawsuit before the Labor Court of Versailles brought by five former Rep'tronic S.A. employees against Rep'tronic S.A. for unfair dismissal. Rep'tronic S.A. is seeking indemnification from Xilinx SARL on the theory that the employees of Rep'tronic S.A. became the employees of Xilinx SARL or Xilinx Ireland upon the expiration of the sales representative agreement. Xilinx SARL will file its evidence on July 14, 2004. A hearing has been set for September 20, 2004.

On February 10, 2004, Rep'tronic S.A. filed a lawsuit against Xilinx SARL in the Commercial Court of Versailles. The lawsuit is pled as an unfair competition matter but the claims and the facts upon which they are based are essentially the same as the commercial agency claims being addressed before the High Court of Ireland. Xilinx SARL has filed its defense. No hearing has been set.

The Company has accrued amounts that represent anticipated payments for liability for the Rep'tronic litigation under the provisions of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 5 (SFAS 5), "Accounting for Contingencies."

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.

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.