

XILINX INC
Form 424B5
June 15, 2007
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**Filed Pursuant to Rule 424(b)(5) and (b)(7)
A filing fee of \$30,700, calculated in accordance with
Rule 457(r), has been transmitted to the SEC in connection
With the securities offered from the registration statement
(File No. 333-143769) by means of this prospectus supplement.**

Prospectus Supplement to prospectus dated June 15, 2007

\$1,000,000,000

3.125% Junior Subordinated Convertible Debentures due 2037

and

Shares of Common Stock Issuable Upon Conversion of the Debentures

We originally issued these debentures in a private placement transaction in March 2007. This prospectus supplement and the accompanying prospectus will be used by selling securityholders to resell their debentures and the common stock issuable upon conversion of the debentures.

The debentures will bear ordinary interest at a rate of 3.125% per year until March 15, 2037, the maturity date. Interest on the debentures will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning September 15, 2007. In addition to ordinary interest on the debentures, beginning with the semi-annual interest period commencing on March 15, 2014, contingent interest will accrue during any semi-annual interest period where the average trading price of a debenture for the 10 trading day period immediately preceding the first day of such semi-annual period is greater than or equal to \$1,300 per \$1,000 principal amount of the debentures or is less than or equal to a threshold that was initially be set at \$600 per \$1,000 principal amount of the debentures and that will increase over time. We will also pay contingent interest equal to any extraordinary cash dividend or distribution that our board of directors designates as payable to the holders of the debentures. In addition, so long as we are not in default in the payment of interest on the debentures, we may defer payment of interest on the debentures for a period not exceeding 10 consecutive semi-annual interest payment periods, during which time interest will continue to accrue on a compounded basis.

Holders may convert their debentures based on a conversion rate of 32.0760 shares of our common stock per \$1,000 principal amount of debentures, equivalent to a conversion price of approximately \$31.18 per share, subject to adjustment, at their option at any time prior to December 15, 2036, under the following circumstances: (1) during any fiscal quarter commencing after June 30, 2007, if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on the last trading day of such preceding fiscal quarter; (2) during the five business day period after any 10 consecutive trading day period in which the trading price per \$1,000 principal amount of debenture for each day of that 10 consecutive trading day period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on such day; (3) if we call any or all of the debentures for redemption, at any time prior to the close of business on the trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate transactions described in this prospectus supplement. On or after December 15, 2036, holders may convert their debentures at any time prior to the close of business on the business day immediately preceding the maturity date. The conversion rate is subject to adjustment in some events but will not be adjusted for accrued interest. Upon conversion, we will deliver cash equal to the lesser of the aggregate principal amount of the debentures to be converted and the total conversion obligation. We will deliver shares of our common stock, cash or a combination thereof, at our option, for the remainder, if any, of our conversion obligation. In addition, we will increase the conversion rate for holders who elect to convert debentures in connection with certain fundamental changes.

We may not redeem the debentures prior to March 15, 2014, except in connection with certain tax-related events. On or after that date, we may redeem all or part of the debentures for cash at 100% of the principal amount of the debentures to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading day period prior to the date on which we provide notice of redemption. On or prior to August 27, 2007, we may also redeem all or part of the debentures for cash at a premium if certain U.S. federal tax legislation, regulations or rules are enacted or are issued.

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If we undergo a fundamental change, holders may require us to repurchase all or a portion of their debentures at a price equal to 100% of the principal amount of the debentures to be purchased plus any accrued and unpaid interest up to, but excluding, the repurchase date. We will pay cash for all debentures so repurchased.

The debentures are our unsecured junior obligations subordinated in right of payment to our existing and future senior debt and effectively subordinated in right of payment to all indebtedness and other liabilities of our subsidiaries. As of March 31, 2007, we had no senior debt outstanding and the aggregate amount of indebtedness and other liabilities of our subsidiaries was approximately \$78 million, excluding intercompany liabilities and liabilities of a type not required to be reflected on the balance sheet of such subsidiaries in accordance with generally accepted accounting principles.

Since their initial issuance, the debentures have been eligible for trading on the PORTAL Market of the National Association of Securities Dealers, Inc. However, debentures sold by means of this prospectus supplement will no longer be eligible for trading on the PORTAL Market. We do not intend to list the debentures on any other automated quotation system or any securities exchange.

Our common stock is listed on The Nasdaq Global Select Market under the symbol XLNX. The last reported sale price of our common stock on The Nasdaq Global Select Market on June 14, 2007 was \$27.50 per share.

See **Risk factors** beginning on page S-7 for a discussion of certain risks that you should consider in connection with an investment in the debentures.

June 15, 2007

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Market and industry data

Market data and industry statistics and forecasts used throughout this prospectus supplement and the information incorporated herein by reference are based on independent industry publications and other publicly available information. Although we believe that these sources are reliable, we do not guarantee the accuracy or completeness of this information and we have not independently verified this information. Although we are not aware of any misstatements regarding the market and industry data presented in this prospectus supplement and the documents incorporated herein by reference, these estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk factors. Accordingly, investors should not place undue reliance on this information.

Forward-looking statements

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements, other than statements of historical facts, included or incorporated herein regarding our strategy, future operations, financial position, future revenues, projected costs, prospects, plans and objectives are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as anticipates, believes, estimates, expects, intends, may, plans, projects, will, would, and similar expressions or expressions of the these terms. Such statements are only predictions and, accordingly, are subject to substantial risks, uncertainties and assumptions.

Actual events and results may differ materially from those in the forward-looking statements and are subject to risks and uncertainties including the general health of the global economy as well as of the semiconductor industry, the health of our end markets and our customers customers, our ability to forecast end customer demand, customer acceptance of our new products, the ability of our customers to manage their inventories, a high dependence on turns business, higher than anticipated product delinquencies, greater than expected customer volume discounts, greater than anticipated product mix changes, fluctuations in manufacturing yields, our ability to deliver product in a timely manner, our ability to secure meaningful wafer capacity from our suppliers, our ability to secure adequate test, packaging and assembly capacity from our suppliers, our ability to successfully manage production at multiple foundries, variability in wafer pricing, and other risk factors contained in this prospectus supplement under the heading Risk factors and in our filings with the Securities and Exchange Commission (SEC), including our report on Form 10-K for the year ended March 31, 2007.

Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements to reflect events or developments after the date of this prospectus supplement.

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Summary

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus and may not contain all the information that you need to consider in making your investment decision. You should read the entire prospectus supplement, the accompanying prospectus, as well as the information to which we refer you and the information incorporated by reference, before making an investment decision. When used in this prospectus supplement, the terms Xilinx, issuer, we, our and us refer to Xilinx, Inc. and its consolidated subsidiaries, unless otherwise specified.

Our company

We design, develop and market complete programmable logic solutions, including advanced integrated circuits (ICs), software design tools, predefined system functions delivered as intellectual property (IP) cores, design services, customer training, field engineering and technical support. Our programmable logic devices (PLDs) include field programmable gate arrays (FPGAs) and complex programmable logic devices (CPLDs). These devices are standard products that our customers program to perform desired logic functions. Our products are designed to provide high integration and quick time-to-market for electronic equipment manufacturers in the communications, storage, server, consumer, automotive, industrial and other markets. We sell our products globally through independent domestic and foreign distributors and through direct sales to original equipment manufacturers (OEMs) by a network of independent sales representative firms and by a direct sales organization.

Xilinx was founded and incorporated in California in February 1984. In April 1990, the Company reincorporated in Delaware. Our corporate facilities and executive offices are located at 2100 Logic Drive, San Jose, California 95124, and our phone number is (408) 559-7778.

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The offering

The following summary contains basic information about the debentures and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the debentures, you should read the section of this prospectus supplement entitled Description of debentures. For purposes of this summary and the Description of debentures, references to the Company, Xilinx, we, our and us refer only to Xilinx, Inc. and not to its subsidiaries.

Issuer Xilinx, Inc., a Delaware corporation.

Debentures \$1,000,000,000 principal amount of 3.125% Junior Subordinated Convertible Debentures due 2037.

Maturity March 15, 2037, unless earlier redeemed, repurchased or converted.

Interest 3.125% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning September 15, 2007.

In addition to ordinary interest on the debentures, beginning with the semi-annual interest period commencing on March 15, 2014, contingent interest will accrue:

during any semi-annual ordinary interest period where the average trading price of a debenture for the 10 trading day period immediately preceding the first day of such semi-annual period is greater than or equal to \$1,300 per \$1,000 principal amount of the debentures, in which case contingent interest will accrue at a rate of 0.50% of such average trading price per annum; and

during any semi-annual ordinary interest period where the average trading price of a debenture for the 10 trading day period immediately preceding the first day of such semi-annual period is less than or equal to a threshold that was initially be set at \$600 per \$1,000 principal amount of the debentures and that will increase over time, in which case contingent interest will accrue at a rate of 0.25% of such average trading price per annum.

In addition, we will pay contingent interest at any time the debentures are outstanding in the event that we pay an extraordinary cash dividend or distribution to holders of our common stock that our board of directors designates as payable to the holders of the debentures.

So long as we are not in default in the payment of interest on the debentures, we may defer payment of interest on the debentures (other than contingent interest relating to extraordinary dividends) for a period not exceeding 10 consecutive semi-annual interest payment periods, during which time interest will continue to accrue on a compounded basis.

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For purposes of this summary, references to interest include ordinary interest, contingent interest, additional interest, deferred interest and compounded interest except as otherwise indicated.

Conversion rights

Prior to December 15, 2036, holders may convert their debentures at the applicable conversion rate, in multiples of \$1,000 principal amount, at their option, under the following circumstances:

during any fiscal quarter beginning after June 30, 2007 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days during the 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on the last trading day of such preceding fiscal quarter;

during the 5 business day period after any 10 consecutive trading day period in which the trading price per debenture for each day of that 10 consecutive trading day period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on such day;

if we call any or all of the debentures for redemption, at any time prior to the close of business on the trading day immediately preceding the redemption date; or

upon the occurrence of specified corporate transactions described under Description of debentures Conversion rights.

On or after December 15, 2036, holders may convert their debentures at the applicable conversion rate, in multiples of \$1,000 principal amount, at their option, at any time prior to the close of business on the business day immediately preceding the maturity date.

The initial conversion rate for the debentures is 32.0760 shares per \$1,000 principal amount of debentures (equal to an initial conversion price of approximately \$31.18 per share), subject to adjustment.

Upon conversion, we will pay cash equal to the lesser of the aggregate principal amount and the conversion value of the debentures being converted and cash, shares of our common stock or a combination of cash and shares of our common stock, at our option, for the remainder, if any, of our conversion obligation, in each case based on a daily conversion value (as described herein) calculated on a proportionate basis for each trading day in the 20 trading day observation period (as described herein). See Description of debentures Conversion rights Payment upon conversion.

We will increase the conversion rate for a holder who elects to convert its debentures in connection with certain fundamental changes as

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described under Description of debentures Conversion rights Adjustment to shares delivered upon conversion upon certain fundamental changes.

Holders will not receive any cash payment or additional shares representing accrued and unpaid interest, if any, upon conversion of a debenture, except in limited circumstances. Instead, interest will be deemed paid by the cash and shares of common stock, if any, delivered to holders upon conversion.

Redemption at our option

We may not redeem the debentures prior to March 15, 2014, except in connection with certain tax-related events. On or after March 15, 2014, we may redeem for cash all or part of the debentures if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading day period prior to the date on which we provide notice of redemption. We may not redeem the debentures at our option or give notice of redemption unless we have paid any accrued deferred interest with respect to the debentures. The redemption price will equal 100% of the principal amount of the debentures to be redeemed, plus accrued and unpaid interest to but excluding the redemption date.

We may also redeem all or part of the debentures for cash on or prior to August 27, 2007 if certain U.S. federal tax legislation, regulations or rules are enacted or are issued. The redemption price for any such redemption will be equal to 101.5% of the principal amount of the debentures being redeemed plus (i) accrued and unpaid interest to but excluding the redemption date and (ii) if the conversion parity value of the debentures being redeemed exceeds their initial conversion value, 79% of the amount determined by subtracting the initial conversion value of such debentures from their conversion parity value.

We will give notice of redemption not less than 30 nor more than 60 days before the redemption date by mail to the trustee, the paying agent and each holder of debentures.

Covenants

Neither we nor any of our subsidiaries are subject to any financial covenants under the indenture governing the debentures. In addition, neither we nor any of our subsidiaries are restricted under the indenture from incurring debt, paying dividends or issuing or repurchasing our securities (except, with respect to our paying dividends or repurchasing our securities, during any extension of the interest payment period for the debentures).

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Fundamental change	If we undergo a fundamental change (as defined in this prospectus supplement under Description of debentures Fundamental change permits holders to require us to repurchase debentures), you will have the option to require us to repurchase all or any portion of your debentures. The fundamental change repurchase price will be 100% of the principal amount of the debentures to be repurchased plus any accrued and unpaid interest to but excluding the fundamental change repurchase date. We will pay the fundamental change repurchase price in cash.
Events of default	If there is an event of default under the debentures, the principal amount of the debentures, plus accrued and unpaid interest, may be declared immediately due and payable. These amounts automatically become due and payable if an event of default relating to certain events of bankruptcy, insolvency or reorganization occurs.
Ranking	The debentures are our unsecured junior obligations subordinated in right of payment to our existing and future unsecured senior debt and effectively subordinated in right of payment to all indebtedness and other liabilities of our subsidiaries.
Registration rights	We entered into a registration rights agreement with the initial purchasers of the debentures in which we agreed to file with the SEC the shelf registration statement for the resale of the debentures and the common stock issuable upon conversion of the debentures of which the accompanying prospectus is a part.
Use of proceeds	The selling securityholders will receive all of the proceeds from the sale of the debentures and the common stock pursuant to this prospectus supplement, and we will receive none of such proceeds.
Book-entry form	The debentures were issued in book-entry form and are represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the debentures will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee, and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Absence of a public market for the debentures	Since their initial issuance, the debentures have been eligible for trading in the PORTAL Market of the National Association of Securities Dealers, Inc. However, debentures sold by means of this prospectus supplement will no longer be eligible for trading on the PORTAL Market. We do not intend to list the debentures on any other automated quotation system or any securities exchange. Furthermore,

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we can provide no assurances as to the liquidity of, or trading market for, the debentures. Our common stock is listed on The Nasdaq Global Select Market under the symbol XLNX.

Risk factors

Investment in the debentures involves risk. You should carefully consider the information under the section titled "Risk factors" and all other information included in this prospectus supplement and the documents incorporated by reference before investing in the debentures.

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R isk factors

Investing in the debentures and our common stock involves a high degree of risk. In addition, our business, operations and financial condition are subject to various risks. You should carefully consider the risks described below with all of the other information included in this prospectus supplement before making an investment decision. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that our management currently deems immaterial also may impair our business operations. If any of the risks described below were to occur, our business, financial condition, operating results and cash flows could be materially adversely affected. In such an event, the trading price of the debentures and our common stock could decline and you could lose all or part of your investment.

Risks related to our business

The semiconductor industry is characterized by rapid technological change, intense competition and cyclical market patterns which contribute to create factors that may affect our future operating results including:

Market demand

increased dependence on turns orders (orders received and shipped within the same fiscal quarter);

limited visibility of demand for products, especially new products;

reduced capital spending by our customers;

weaker demand for our products or those of our customers due to a prolonged period of economic uncertainty;

excess inventory at Xilinx and within the supply chain including overbuilding of OEM products;

additional excess and obsolete inventories and corresponding write-downs due to a significant deterioration in demand;

inability to manufacture sufficient quantities of a given product in a timely manner;

inability to obtain manufacturing or test and assembly capacity in sufficient volume;

inability to predict the success of our customers' products in their markets;

an unexpected increase in demand resulting in longer lead times that causes delays in customer production schedules;

dependence on the health of the end markets and customers we serve;

Competitive environment

price and product competition, which can change rapidly due to technological innovation;

customers converting to application specific integrated circuit (ASIC) or application specific standard product (ASSP) designs from Xilinx PLDs;

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faster than normal erosion of average selling prices;

timely introduction of new products and ability to manufacture in sufficient quantities at introduction;

Technology

lower gross margins due to product or customer mix shifts and reduced manufacturing efficiency;

failure to retain or attract specialized technical/management personnel;

timely introduction of advanced manufacturing technologies;

ability to safeguard the Company's products from competitors by means of patents and other intellectual property protections;

impact of new technologies which result in rapid escalation of demand for certain products with corresponding declines in demand for others;

ability to successfully manage multiple vendor relationships;

Other

changes in accounting pronouncements;

dependence on distributors to generate sales and process customer orders;

disruption in sales generation, order processing and logistics if a distributor materially defaults on a contract;

impact of changes to current export/import laws and regulations;

volatility of the securities market, particularly as it relates to the technology sector;

unexpected product quality issues;

global events impacting the world economy or specific regions of the world;

increase in the cost of natural resources;

parts shortages at our suppliers;

failure of information systems impacting financial reporting;

catastrophes that impact the ability of our supply chain to operate or deliver product; and

higher costs associated with multiple foundry relationships.

We attempt to identify changes in market conditions as soon as possible; however, the dynamics of the market make prediction of and timely reaction to such events difficult. Due to these and other factors, our past results, including those described in this report, are much less reliable predictors of the future than with companies in many older, more stable and mature industries. Based on the factors noted herein, we may experience substantial fluctuations in future operating results.

Our results of operations are impacted by global economic and political conditions, dependence on new products, dependence on independent manufacturers and subcontractors, competition,

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intellectual property, potential effect of new accounting pronouncements, financial reporting and internal controls environment and litigation, each of which is discussed in greater detail below.

Potential effect of global economic and political conditions

Sales and operations outside of the U.S. subject us to the risks associated with conducting business in foreign economic and regulatory environments. Our financial condition and results of operations could be adversely affected by unfavorable economic conditions in countries in which we do significant business and by changes in foreign currency exchange rates affecting those countries. For example, we have sales and operations in the Asia Pacific region, Japan and Europe. Past economic weakness in these markets adversely affected revenues, and such conditions may occur in the future. Sales to all direct OEMs and distributors are denominated in U.S. dollars. While the recent movement of the Euro and Yen against the U.S. dollar had no material impact to our business, increased volatility could impact our European and Japanese customers. Currency instability may increase credit risks for some of our customers and may impair our customers' ability to repay existing obligations. Increased currency volatility could also positively or negatively impact our foreign currency denominated costs, assets and liabilities. Any or all of these factors could adversely affect our financial condition and results of operations in the future.

Our financial condition and results of operations are increasingly dependent on the global economy. Any instability in worldwide economic environments occasioned, for example, by political instability or terrorist activity could impact economic activity and could lead to a contraction of capital spending by our customers. Additional risks to us include U.S. military actions, changes in U.S. government spending on military and defense activities impacting defense-associated sales, economic sanctions imposed by the U.S. government, government regulation of exports, imposition of tariffs and other potential trade barriers, reduced protection for intellectual property rights in some countries, rising oil prices and generally longer receivable collection periods. Moreover, our financial condition and results of operations could be affected in the event of political conflicts or economic crises in countries where our main wafer providers, end customers and contract manufacturers who provide assembly and test services worldwide, are located.

Dependence on new products

Our success depends in large part on our ability to develop and introduce new products that address customer requirements and compete effectively on the basis of price, density, functionality, power consumption and performance. The success of new product introductions is dependent upon several factors, including:

timely completion of new product designs;

ability to generate new design opportunities (design wins);

availability of specialized field application engineering resources supporting demand creation and customer adoption of new products;

ability to utilize advanced manufacturing process technologies to circuit geometries on 65nm and smaller;

achieving acceptable yields;

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ability to obtain adequate production capacity from our wafer foundries and assembly subcontractors;

ability to obtain advanced packaging;

availability of supporting software design tools;

utilization of predefined IP cores of logic;

customer acceptance of advanced features in new products; and

successful deployment of electronic systems by our customers.

Our product development efforts may not be successful, our new products may not achieve industry acceptance and we may not achieve the necessary volume of production that would lead to further per unit cost reductions. Revenues relating to our mature products are expected to decline in the future, which is normal for our product life cycles. As a result, we may be increasingly dependent on revenues derived from design wins for our newer products as well as anticipated cost reductions in the manufacture of our current products. We rely primarily on obtaining yield improvements and corresponding cost reductions in the manufacture of existing products and on introducing new products that incorporate advanced features and other price/performance factors that enable us to increase revenues while maintaining consistent margins. To the extent that such cost reductions and new product introductions do not occur in a timely manner, or to the extent that our products do not achieve market acceptance at prices with higher margins, our financial condition and results of operations could be materially adversely affected.

Dependence on independent manufacturers and subcontractors

During fiscal 2007, nearly all of our wafers were manufactured either in Taiwan, by UMC or in Japan, by Toshiba or Seiko. Terms with respect to the volume and timing of wafer production and the pricing of wafers produced by the semiconductor foundries are determined by periodic negotiations between Xilinx and these wafer foundries, which usually result in short-term agreements. We are dependent on these foundries, especially UMC, which supplies the substantial majority of our wafers. We rely on UMC to produce wafers with competitive performance and cost attributes. These attributes include an ability to transition to advanced manufacturing process technologies and increased wafer sizes, produce wafers at acceptable yields, and deliver them in a timely manner. We cannot guarantee that the foundries that supply our wafers will not experience manufacturing problems, including delays in the realization of advanced manufacturing process technologies. In addition, greater demand for wafers produced by the foundries without an offsetting increase in foundry capacity, raises the likelihood of potential wafer price increases and wafer shortages.

UMC's foundries in Taiwan and Toshiba's and Seiko's foundries in Japan as well as many of our operations in California are centered in areas that have been seismically active in the recent past. Should there be a major earthquake in our suppliers' or our operating locations in the future, our operations, including our manufacturing activities, may be disrupted. This type of disruption could result in our inability to ship products in a timely manner, thereby materially adversely affecting our financial condition and results of operations. Additionally, disruption of operations at these foundries for any reason, including other natural disasters such as fires or floods, as well as disruptions in access to adequate supplies of electricity, natural gas or water could cause delays in shipments of our products, and could have a material adverse effect on our results of operations.

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We are also dependent on subcontractors to provide semiconductor assembly, test and shipment services. Any prolonged inability to obtain wafers with competitive performance and cost attributes, adequate yields or timely delivery, unavailability of or disruption in assembly, test or shipment services, or any other circumstance that would require us to seek alternative sources of supply, could delay shipments and have a material adverse effect on our ability to meet customer demand reducing net sales and negatively impacting our financial condition and results of operations.

Competition

Our PLDs compete in the logic IC industry, an industry that is intensely competitive and characterized by rapid technological change, increasing levels of integration, product obsolescence and continuous price erosion. We expect increased competition from our primary PLD competitors, Altera Corporation (Altera), Lattice Semiconductor Corporation and Actel Corporation, from the ASIC market, which has been ongoing since the inception of FPGAs, from the ASSP market, and from new companies that may enter the traditional programmable logic market segment. We believe that important competitive factors in the logic industry include:

- product pricing;
- time-to-market;
- product performance, reliability, quality, power consumption and density;
- field upgradability;
- adaptability of products to specific applications;
- ease of use and functionality of software design tools;
- functionality of predefined IP cores of logic;
- inventory management;
- access to leading-edge process technology and assembly capacity; and
- ability to provide timely customer service and support.

Our strategy for expansion in the logic market includes continued introduction of new product architectures that address high-volume, low-cost and low-power applications as well as high-performance, high-density applications. In addition, we anticipate continued price reductions proportionate with our ability to lower the cost for established products. However, we may not be successful in achieving these strategies.

Other competitors include manufacturers of:

- high-density programmable logic products characterized by FPGA-type architectures;
- high-volume and low-cost FPGAs as programmable replacements for ASICs and ASSPs;
- ASICs and ASSPs with incremental amounts of embedded programmable logic;
- high-speed, low-density CPLDs;
- high-performance DSP devices;
- products with embedded processors;
- products with embedded multi-gigabit transceivers; and
- other new or emerging programmable logic products.

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Several companies have introduced products that compete with ours or have announced their intention to enter the PLD segment. To the extent that our efforts to compete are not successful, our financial condition and results of operations could be materially adversely affected.

The benefits of programmable logic have attracted a number of competitors to the market segment. We recognize that different applications require different programmable technologies, and we are developing architectures, processes and products to meet these varying customer needs. Recognizing the increasing importance of standard software solutions, we have developed common software design tools that support the full range of our IC products. We believe that automation and ease of design are significant competitive factors in the PLD market segment.

We could also face competition from our licensees. We have granted limited rights to other companies with respect to certain of our older technology which may enable them to manufacture and market products which may be competitive with some of our older products. For example, in July 2001, in connection with a settlement of patent litigation with Altera, we entered into a royalty-free patent cross license agreement which terminated in July 2006.

Intellectual Property

We rely upon patent, copyright, trade secret, mask work and trademark laws to protect our intellectual property. We cannot provide 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 our competitors, have asserted patent, copyright and other intellectual property rights to technologies that are important to us. Third parties may assert infringement claims against us in the future; assertions by third parties may result in costly litigation and we may not prevail in such litigation or be able to license any valid and infringed patents from third parties on commercially reasonable terms. Litigation, regardless of its outcome, could result in substantial costs and diversion of our resources. Any infringement claim or other litigation against us or by us could materially adversely affect our financial condition and results of operations.

Considerable number of common shares subject to future issuance

As of March 31, 2007, we had 2.00 billion authorized common shares, of which 295.9 million shares were outstanding. In addition, 99.7 million common shares were reserved for issuance pursuant to employee stock option and employee stock purchase plans (Equity Plans), and 32.1 million shares were reserved for issuance upon conversion or repurchase of the debentures. The availability of substantial amounts of our common shares resulting from the exercise or settlement of equity awards outstanding under our Equity Plans or the conversion or repurchase of debentures using common shares, which would be dilutive to existing security holders, could adversely affect the prevailing market price of our common shares and could impair our ability to raise additional capital through the sale of equity securities.

Potential effect of new accounting pronouncements

There may be potential new accounting pronouncements or regulatory rulings, which may have an impact on our future financial condition and results of operations. For example, the accounting method for convertible debt securities with net share settlement, such as our debentures, may be subject to change. Under the accounting rules currently in effect, for the

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purpose of calculating diluted net income per common share, a convertible debt security providing for net share settlement of the conversion value and meeting specified requirements under applicable accounting rules, is accounted for interest expense purposes similarly to non-convertible debt. As a result, the stated coupon constituting interest expense and any shares issuable upon conversion of the debt security would be accounted for under the treasury stock method. The effect of the treasury stock method is that the shares potentially issuable upon conversion of the debentures are not included in the calculation of our diluted net income per common share except to the extent that the conversion value of the debentures exceeds their principal amount, in which event the number of shares of our common stock necessary to settle the conversion are treated as having been issued for diluted net income per common share purposes.

The accounting method for net share settled convertible securities is currently under consideration by the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB). Under consideration is a proposed method for accounting for net share settled convertible securities under which the debt and equity components of the security would be bifurcated and accounted for separately. We cannot predict the outcome of this process or any other changes in generally accepted accounting principles (GAAP) that may affect accounting for convertible debt securities. Any change in the accounting method for convertible debt securities could have an adverse impact on our financial results. These impacts could adversely affect the trading price of our common stock and in turn negatively impact the trading price of the debentures.

Please see Note 11 to our consolidated financial statements, included in Item 8. Financial Statements and Supplementary Data included in or annual report on Form 10-K for the year ended March 31, 2007, for additional information about the debentures. Please also see Note 2 to our consolidated financial statements, included in Item 8. Financial Statements and Supplementary Data included in or annual report on Form 10-K for the year ended March 31, 2007, for additional information about recent accounting pronouncements.

Financial reporting and internal controls environment

We are subject to the ongoing internal control provisions of Section 404 of the Sarbanes-Oxley Act of 2002 (the Act). Our controls necessary for continued compliance with the Act may not operate effectively at all times and may result in a material weakness disclosure. The identification of material weaknesses in internal control, if any, could indicate a lack of proper controls to generate accurate financial statements. Further, our internal control effectiveness may be impacted if we are unable to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies.

Risks related to the debentures

The debentures are our unsecured junior obligations and are subordinated in right of payment to our existing and future senior debt obligations and any indebtedness or other liabilities of our subsidiaries.

The debentures are unsecured and subordinated in right of payment to all of our existing and future senior debt. Because the debentures are subordinate to our senior debt, if we experience:

a bankruptcy, liquidation or reorganization, or
an acceleration of the debentures due to an event of default under the indenture,

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we will be permitted to make payments on the debentures only after we have satisfied all of our senior debt obligations. Also, if payment or other defaults occur on senior debt, payments on the debentures may be blocked indefinitely or for specified periods. Therefore, payments on the debentures may be delayed or not permitted or we may not have sufficient assets remaining to pay amounts due on any or all of the debentures. In addition, the debentures effectively are subordinate to all liabilities, including trade payables, of our subsidiaries and any subsidiaries that we may in the future acquire or establish. Consequently, our right to receive assets of any subsidiaries upon their liquidation or reorganization, and the rights of the holders of the debentures to share in those assets, would be subordinate to the claims of the subsidiaries' creditors.

The debentures are our obligations exclusively. The indenture for the debentures does not limit our ability, or that of any of our presently existing or future subsidiaries, to incur senior debt, other indebtedness and other liabilities. As of March 31, 2007, we had no senior debt outstanding, and our subsidiaries had approximately \$78 million of outstanding indebtedness and other liabilities, excluding intercompany liabilities and liabilities of a type not required to be reflected on the balance sheet of such subsidiaries in accordance with generally accepted accounting principles. From time to time we and our subsidiaries may incur additional indebtedness, including senior debt, which could adversely affect our ability to pay our obligations under the debentures.

We rely on certain of our subsidiaries as sources of cash and your right to receive payments on the debentures is effectively subordinated to all existing and future liabilities of our subsidiaries and to all of our existing and future secured debt.

We conduct a considerable portion of our operations through our subsidiaries. Dividends and advances from our subsidiaries are significant sources of cash for us. The amount of dividends available to us from our subsidiaries depends largely upon each subsidiary's earnings and operating capital requirements. The terms of some of our subsidiaries' future borrowing arrangements may limit the transfer of funds to us. In addition, the ability of our subsidiaries to make any payments to us will depend on their business and tax considerations and legal restrictions.

None of our subsidiaries will guarantee our obligations under, or have any obligation to pay any amounts due on, the debentures. As a result, the debentures are effectively subordinated to all liabilities of our subsidiaries. Our rights and the rights of our creditors, including holders of the debentures, to participate in the assets of any of our subsidiaries upon their liquidation or recapitalization will generally be subject to the prior claims of those subsidiaries' creditors. At March 31, 2007, our subsidiaries had approximately \$78 million of outstanding indebtedness and other liabilities, excluding intercompany liabilities and liabilities of a type not required to be reflected on the balance sheet of such subsidiaries in accordance with generally accepted accounting principles.

In addition, the debentures are not secured by any of our assets or those of our subsidiaries. As a result, the debentures are effectively subordinated to any secured debt we may incur. In any liquidation, dissolution, bankruptcy or other similar proceeding, holders of our secured debt may assert rights against any assets securing such debt in order to receive full payment of their debt before those assets may be used to pay the holders of the debentures. In such an event, we may not have sufficient assets remaining to pay amounts due on any or all of the debentures.

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The debentures do not contain restrictive covenants and we may incur substantially more debt or take other actions which may affect our ability to satisfy our obligations under the debentures.

The indenture governing the debentures does not contain any financial or operating covenants or restrictions on the incurrence of indebtedness (including secured debt), the payments of dividends or the issuance or repurchase of securities by us or any of our subsidiaries, except, with respect to our payment of dividends or the repurchase of our securities, during any extension of the interest payment period for the debentures. See Description of debentures Option to extend interest payment period. In addition, the limited covenants applicable to the debentures do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the debentures could have the effect of diminishing our ability to make payments on the debentures when due, and require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of cash flow to fund our operations, working capital and capital expenditures.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the debentures.

Upon the occurrence of a fundamental change, you will have the right to require us to repurchase the debentures. However, the fundamental change provisions will not afford protection to holders of debentures in the event of certain transactions. For example, any leveraged recapitalization, refinancing, restructuring, or acquisition initiated by us will generally not constitute a fundamental change requiring us to repurchase the debentures. In the event of any such transaction, holders of the debentures will not have the right to require us to repurchase the debentures, even though any of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of debentures.

Restricted convertibility of the debentures could result in your receiving less than the value of the cash and common stock, if any, into which a debenture would otherwise be convertible.

The debentures are convertible only if specified conditions are met. If these conditions are not met, you will not be able to convert your debentures, and you will not be able to receive the cash and common stock, if any, into which the debentures would otherwise be convertible.

Upon conversion of the debentures, we will pay a settlement amount consisting of cash and shares of our common stock, if any, based upon a specified observation period, and you may receive less proceeds than expected.

Generally, we will satisfy our conversion obligation to holders by paying cash equal to the lesser of the aggregate principal amount and the conversion value of the debentures being converted and cash, shares of our common stock or a combination of cash and shares of our common stock, at our option, for the remainder, if any, of our conversion obligation, in each case based on a daily conversion value calculated on a proportionate basis for each trading day in the 20 trading day observation period. Accordingly, upon conversion of a debenture, holders might not receive

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any shares of our common stock, or they might receive fewer shares of common stock than would be implied by the conversion value of the debenture as of the conversion date (as defined under [Description of debentures](#)). This is particularly true with respect to any conversion occurring after the date of issuance of a notice of redemption as described under [Description of debentures](#) [Optional redemption](#), for which the observation period will begin on the 22nd scheduled trading day prior to the applicable redemption date. In addition, because of the 20 trading day observation period, settlement generally will be delayed until at the least the 23rd trading day following the related conversion date. See [Description of debentures](#). Upon conversion of the debentures, you may receive consideration worth less than the conversion value of the debenture as of the conversion date because the value of our common stock may decline (or not appreciate as much as you may expect) between the conversion date and the end of the observation period.

Our failure to convert the debentures into cash or a combination of cash and shares of our common stock upon exercise of a holder's conversion right in accordance with the provisions of the indenture would constitute a default under the indenture. In addition, a default under the indenture could lead to a default under existing and future agreements governing our indebtedness. If, due to a default, the repayment of related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and the debentures.

The conversion rate of the debentures may not be adjusted for all dilutive events.

The conversion rate of the debentures will be subject to adjustment for certain events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, cash dividends and certain issuer tender or exchange offers as described under [Description of debentures](#) [Conversion rights](#) [Conversion rate adjustments](#). However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of common stock for cash, that may adversely affect the trading price of the debentures or the common stock. An event that adversely affects the value of the debentures may occur, and that event may not result in an adjustment to the conversion rate.

The adjustment to the conversion rate for debentures converted in connection with certain fundamental changes may not adequately compensate you for any lost value of your debentures as a result of such transaction.

If a fundamental change occurs, under certain circumstances we will increase the conversion rate by a number of additional shares of our common stock for debentures converted in connection with such fundamental change. The increase in the conversion rate will be determined based on the date on which the fundamental change becomes effective and the price paid per share of our common stock in such transaction, as described below under [Description of debentures](#) [Conversion rights](#) [Adjustments to shares delivered upon conversion upon certain fundamental changes](#). The adjustment to the conversion rate for debentures converted in connection with a fundamental change may not adequately compensate you for any lost value of your debentures as a result of such transaction. In addition, if the price of our common stock in the transaction is greater than \$95.00 per share or less than \$25.98 (in each case, subject to adjustment), no adjustment will be made to the conversion rate. Moreover, in no event will the total number of shares of common stock issuable upon conversion as a result of this adjustment exceed

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38.4911 per \$1,000 principal amount of debentures, subject to adjustments in the same manner as the conversion rate as set forth under Description of debentures Conversion rights Conversion rate adjustments.

Our obligation to increase the conversion rate in connection with any such fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

If the market price of our common stock decreases, the market price of the debentures may similarly decrease.

We expect that the market price of the debentures will be significantly affected by the market price of our common stock. This may result in greater volatility in the market price of the debentures than would be expected for debt securities. The market price of our common stock will likely continue to fluctuate in response to factors including the factors discussed elsewhere in the sections of this prospectus supplement titled Risk factors and Forward-looking statements, many of which are beyond our control. For instance, the price of our common stock could be affected by sales of our common stock by investors who view the debentures as a more attractive means of equity participation in our company than our common stock, or by other hedging or arbitrage trading activity that may develop involving our common stock. This hedging or arbitrage could, in turn, affect the trading price of the debentures.

The debentures may not have an active market and their price may be volatile. You may be unable to sell your debentures at the price you desire or at all.

There is no existing trading market for the debentures. Since their initial issuance, the debentures have been eligible for trading in the PORTAL Market. However, the debentures resold pursuant to this prospectus supplement and the accompanying prospectus will no longer be eligible for trading in the PORTAL Market, and we do not intend to list them on any other automated quotation system or any securities exchange. At the time of the initial issuance of the debentures in February 2007, the initial purchaser of the debentures advised us that it intended to make a market in the debentures, but it has no obligation to do so and may cease its market-making at any time without notice. In addition, market-making will be subject to the limits imposed by the Securities Act and the Exchange Act and may be limited during the pendency of any shelf registration statement or exchange offer. The liquidity of the trading market in these debentures, and the market price quoted for these debentures, may be adversely affected by, among other things:

changes in the overall market for debt securities;

changes in our financial performance or prospects;

the prospects for companies in our industry generally;

the number of holders of the debentures;

the interest of securities dealers in making a market for the debentures; and

prevailing interest rates.

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The debentures may not be rated or may receive a lower rating than anticipated.

If one or more rating agencies rates the debentures and assigns the debentures a rating lower than the rating expected by investors, or reduces their rating in the future, the market price of the debentures and our common stock would be harmed.

We may not have the ability to repurchase the debentures in cash upon the occurrence of a fundamental change, or to pay cash upon the conversion of debentures, as required by the indenture governing the debentures.

Holders of the debentures have the right to require us to repurchase the debentures upon the occurrence of a fundamental change as described under Description of debentures. We may not have sufficient funds to repurchase the debentures in cash or to make the required repayment at such time or have the ability to arrange necessary financing on acceptable terms. In addition, upon conversion of the debentures, we will be required to make cash payments to the holders of the debentures equal to the lesser of the principal amount of the debentures being converted and the conversion value of those debentures as described in under Description of debentures Conversion rights Payment upon conversion. Such payments could be significant, and we may not have sufficient funds to make them at such time.

A fundamental change may also constitute an event of default or prepayment under, or result in the acceleration of the maturity of, our then-existing indebtedness. Our ability to repurchase the debentures in cash or make any other required payments may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase the debentures or pay cash in respect of conversions when required would result in an event of default with respect to the debentures.

Conversion of the debentures will dilute the ownership interest of existing stockholders, including holders who had previously converted their debentures.

The conversion of some or all of the debentures will dilute the ownership interests of existing stockholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the debentures may encourage short selling by market participants because the conversion of the debentures could be used to satisfy short positions, or anticipated conversion of the debentures into shares of our common stock could depress the price of our common stock.

If you hold debentures, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold debentures, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock, other than extraordinary dividends that our board of directors designates as payable to the holders of the debentures), but if you subsequently convert your debentures into common stock, you will be subject to all changes affecting the common stock. You will have rights with respect to our common stock only if and when we deliver shares of common stock to you upon conversion of your debentures and, to a limited extent, under the conversion rate adjustments applicable to the debentures. For example, in the event that an

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amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers or rights of our common stock that result from such amendment.

Our stock price has historically been volatile and may continue to be volatile. The price of our common stock, and therefore the price of the debentures, may fluctuate significantly, which may make it difficult for holders to resell the debentures or the shares of our common stock issuable upon conversion of the debentures when desired or at attractive prices.

The trading price of our common stock has been and may continue to be subject to wide fluctuations. Since the fiscal year ended April 1, 2006, the closing sale price of our common stock on The Nasdaq Global Select Market ranged from \$25.65 to \$30.18 per share, and the closing sale price on June 14, 2007 was \$27.50 per share. Our stock price may fluctuate in response to a number of events and factors, such as quarterly variations in operating results, announcements of technological innovations or new products by us or our competitors, changes in financial estimates and recommendations by securities analysts, the operating and stock price performance of other companies that investors may deem comparable to us, and new reports relating to trends in our markets or general economic conditions.

In the past, many companies have been the subject of securities class action litigation following periods of volatility in the market price of their stock. If we become involved in securities class action litigation in the future, it could result in substantial costs and diversion of our management's attention and resources and could harm our stock price, business, prospects, results of operations and financial condition.

In addition, the stock market in general, and prices for companies in our industry, have experienced extreme volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of our stock, regardless of our operating performance. Because the debentures are convertible into shares of our common stock, volatility or depressed prices of our common stock could have a similar effect on the trading price of our debentures. Holders who receive common stock upon conversion also will be subject to the risk of volatility and depressed prices of our common stock. In addition, the existence of the debentures may encourage short selling in our common stock by market participants because the conversion of the debentures could depress the price of our common stock.

Additionally, volatility or a lack of positive performance in our stock price may adversely affect our ability to retain key employees.

Sales of a significant number of shares of our common stock in the public markets, or the perception of such sales, could depress the market price of the debentures.

Sales of a substantial number of shares of our common stock or other equity-related securities in the public markets could depress the market price of the debentures, our common stock, or both, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock or the value of the debentures. The price of our

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common stock could be affected by possible sales of our common stock by investors who view the debentures as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity which we expect to occur involving our common stock. This hedging or arbitrage could, in turn, affect the market price of the debentures.

We may not be able to refinance the debentures if required or if we so desire.

We may need or desire to refinance all or a portion of the debentures or any other future indebtedness that we incur on or before the maturity of the debentures. There can be no assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms, if at all.

The debentures will initially be held in book-entry form and, therefore, you must rely on the procedures and the relevant clearing systems to exercise your rights and remedies.

Unless and until certificated debentures are issued in exchange for book-entry interests in the debentures, owners of the book-entry interests will not be considered owners or holders of debentures. Instead, the common depository, or its nominee, will be the sole holder of the debentures. Payments of principal, interest and other amounts owing on or in respect of the debentures in global form will be made to the paying agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants' accounts that hold book-entry interests in the debentures in global form and credited by such participants to indirect participants. Unlike holders of the debentures themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the debentures. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC or, if applicable, a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

You may be subject to tax if we make or fail to make certain adjustments to the conversion rate of the debentures even though you do not receive a corresponding cash distribution.

The conversion rate of the debentures is subject to adjustment in certain circumstances, including the payment of certain cash dividends. If the conversion rate is adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, you may be deemed to have received a taxable dividend subject to U.S. federal income tax without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the conversion rate after an event that increases your proportionate interest in our Company could be treated as a deemed taxable dividend to you.

If certain types of fundamental changes occur on or prior to the maturity date of the debentures, under some circumstances, we will increase the conversion rate for debentures converted in connection with the fundamental change. Such increase may also be treated as a distribution subject to U.S. federal income tax as a dividend. See Certain U.S. federal income tax considerations.

If you are a non-U.S. holder (as defined in Certain U.S. federal income tax considerations), any deemed dividend would be subject to U.S. federal withholding tax at a 30% rate, or such lower

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rate as may be specified by an applicable treaty, which may be set off against subsequent payments. See Certain U.S. federal income tax considerations.

U.S. holders will recognize income for U.S. federal income tax purposes in excess of the current cash payments on the debentures and will recognize ordinary income on the disposition of the debentures.

Pursuant to the terms of the indenture, we and each holder of the debentures agree to treat the debentures, for United States federal income tax purposes, as contingent payment debt instruments. Under this characterization, the debentures will be treated as issued with original issue discount for U.S. federal income tax purposes, and each U.S. holder will be required to include such original issue discount in gross income as it accrues regardless of the holder's method of tax accounting. The amount of original issue discount required to be included in the holder's gross income for each year generally will be in excess of the payments and accruals on the debentures for non-tax purposes and in advance of the receipt of cash or other property attributable thereto in that year. A U.S. holder will recognize gain or loss on the sale, exchange, conversion, repurchase or redemption of a debenture in an amount equal to the difference between the amount realized, including the fair market value of any of our common stock received, and the holder's adjusted tax basis in the debenture. Any such gain will be treated as ordinary interest income and any such loss will be ordinary loss to the extent of the interest previously included in gross income and, thereafter, capital loss. All holders should read the discussion of the United States federal income tax consequences of the purchase, ownership, and the disposition of the debentures that is contained in this prospectus supplement under the heading Certain U.S. federal income tax considerations.

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Use of proceeds

The proceeds from the sale of the debentures and the common stock offered pursuant to this prospectus supplement are solely for the account of the selling securityholders. Accordingly, we will not receive any proceeds from the sale of the debentures or the shares of common stock offered by this prospectus supplement.

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Dividend policy

In each quarter of fiscal 2006, we paid a cash dividend of \$0.07 per common share, for a total of \$0.28 per common share for fiscal 2006 and \$0.05 in each quarter during fiscal 2005 for a total of \$0.20 for fiscal 2005. In each quarter of fiscal 2007, we paid a cash dividend of \$0.09 per common share. On February 26, 2007, we announced that our Board of Directors had declared a quarterly cash dividend of \$0.12 per share, which was paid on May 30, 2007 to stockholders of record on the close of business on May 9, 2007. We have paid a cash dividend in each of the past 13 quarters, including the first quarter of fiscal 2008.

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Description of debentures

We issued the debentures under an indenture dated as of March 5, 2007 (the *indenture*) between us and The Bank of New York Trust Company, N.A., as trustee (the *trustee*). The terms of the debentures include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the *Trust Indenture Act*). The debentures and the shares of common stock issuable upon conversion of the debentures are covered by a registration rights agreement. The description of debentures in this Prospectus Supplement supersedes, in its entirety, the description of debt securities in the accompanying prospectus.

The following description is a summary of the material provisions of the debentures and the indenture and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the debentures and the indenture, including the definitions of certain terms used in the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of the debentures.

For purposes of this description, references to the Company, Xilinx, we, our and us refer only to Xilinx, Inc. and not to its subsidiaries.

General

The debentures

The debentures:

are our general unsecured, junior subordinated obligations;

are limited to an aggregate principal amount of \$1,000,000,000;

mature on March 15, 2037 (the *maturity date*), unless earlier converted, redeemed or repurchased;

are issued in denominations of \$1,000 and integral multiples of \$1,000;

are represented by one or more registered debentures in global form, but in certain limited circumstances may be represented by debentures in certificated form. See *Book-entry, settlement and clearance*; and

are subordinated in right of payment to our existing and future senior debt and to all indebtedness and other liabilities of our subsidiaries.

The debentures will bear ordinary interest from March 5, 2007 at a rate of 3.125% per year and, under certain circumstances as described below, may also bear contingent interest, additional interest, deferred interest and/or compounded interest. For purposes of this description, references to *interest* include all such forms of interest except as otherwise indicated.

Subject to the fulfillment of certain conditions and during the periods described below, the debentures may be converted at an initial conversion rate of 32.0760 shares of common stock per \$1,000 principal amount of debentures (equivalent to a conversion price of approximately \$31.18 per share of common stock). The conversion rate is subject to adjustment if certain events occur. Upon conversion of a debenture, we will pay cash equal to the lesser of the aggregate

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principal amount and the conversion value of the debentures being converted and cash, shares of our common stock or a combination of cash and shares of our common stock, at our option, for the remainder, if any, of our conversion obligation, in each case based on a daily conversion value calculated on a proportionate basis for each trading day in the 20 trading day observation period as described below under **Conversion rights** **Payment upon conversion**. Upon conversion of a debenture, you will not receive any separate payment for accrued and unpaid interest, except under the limited circumstances described below under **Conversion rights** **General**.

The indenture does not limit the amount of debt that may be issued by us or our subsidiaries under the indenture or otherwise, restrict the incurrence of liens, restrict the payment of dividends, restrict the issuance or repurchase of our securities (except, with respect to our payment of dividends or the repurchase of our securities, during any extension of the interest payment period for the debentures) or contain financial covenants. Other than restrictions described under **Fundamental change** permits holders to require us to repurchase debentures and **Consolidation, merger and sale of assets** below, and except for the provisions set forth under **Conversion rights** **Conversion rate adjustments** **Adjustment to shares delivered upon conversion upon certain fundamental changes**, the indenture does not contain any covenants or other provisions designed to afford holders of the debentures protection in the event of a highly leveraged transaction involving us or in the event of a decline in our credit rating as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect such holders.

We may, without the consent of the holders, issue additional debentures under the indenture with the same terms and with the same CUSIP numbers as the debentures offered hereby in an unlimited aggregate principal amount, provided that such additional debentures must be fungible with the debentures offered hereby for U.S. federal income tax purposes. We may also from time to time repurchase the debentures in open market purchases or negotiated transactions without prior notice to holders.

We do not intend to list the debentures on a national securities exchange or interdealer quotation system.

We use the term **debenture** in this prospectus supplement to refer to each \$1,000 principal amount of debentures. We use the term **common stock** in this prospectus supplement to refer to our common stock, \$0.01 par value.

Payments on the debentures; paying agent and registrar; transfer and exchange

We will pay principal of and interest on debentures in global form registered in the name of, or held by, The Depository Trust Company (**DTC**) or its nominee in immediately available funds to **DTC** or its nominee, as the case may be, as the registered holder of such global debentures.

We will pay principal of certificated debentures at the office or agency designated by us for that purpose. We have initially designated the trustee as our paying agent and registrar and its corporate trust office in New York, New York, as a place where debentures may be presented for payment or for registration of transfer. We may, however, change the paying agent or registrar without prior notice to the holders of the debentures, and we may act as paying agent or registrar. Interest on certificated debentures will be payable (i) to holders having an aggregate principal amount of \$5,000,000 or less, by check mailed to the holders of these debentures and

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(ii) to holders having an aggregate principal amount of more than \$5,000,000, either by check mailed to each holder or, upon application by a holder to the registrar not later than the relevant record date (as defined below), by wire transfer in immediately available funds to that holder's account within the United States, which application shall remain in effect until the holder notifies the registrar to the contrary in writing.

A holder of debentures may transfer or exchange debentures at the office of the registrar in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents, including signature guarantees. No service charge will be imposed by us, the trustee or the registrar for any registration of transfer or exchange of debentures, but we may require a holder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the indenture. You may not sell or otherwise transfer debentures or common stock issued upon conversion of debentures except in compliance with the provisions set forth below under **Transfer restrictions** and **Registration rights**. In addition, we are not required to transfer or exchange any debenture selected for redemption or surrendered for conversion. Also, we are not required to register any transfer or exchange of any debenture for a period of 15 days before the mailing of a notice of redemption.

The registered holder of a debenture will be treated as the owner of it for all purposes.

Interest

General

The debentures will bear ordinary interest from March 5, 2007 at a rate of 3.125% per year. We will also pay contingent interest (as defined below) on the debentures in the circumstances described under **Contingent interest**. Subject to the provisions set forth under **Option to extend interest payment period**, we will pay interest semi-annually in arrears on March 15 and September 15 of each year to the holders of record at the close of business on the preceding March 1 and September 1 (each such date, in respect of the debentures, a record date), respectively, beginning September 15, 2007; provided that:

we will not pay accrued and unpaid interest on any debentures that are converted into our common stock. See **Conversion rights**. If a holder of debentures converts after a record date for an interest payment but prior to the corresponding interest payment date, the holder on the record date will receive the interest payable on the interest payment date, notwithstanding the conversion of such debentures prior to such interest payment date, because that holder will have been the holder of record on the corresponding record date. However, at the time the holder surrenders those debentures for conversion, except as provided below, it must pay us an amount equal to the interest that will be paid on the related interest payment date. The preceding sentence does not apply, however, to (i) a holder that converts debentures that have been called by us for redemption and in respect of which we have specified a redemption date that is after a record date but on or prior to the corresponding interest payment date, (ii) a holder that converts debentures in respect of which we have specified a fundamental change repurchase date (as defined below) that is after a record date but on or prior to the corresponding interest payment date or (iii) a holder that converts debentures following the regular record date immediately preceding the final interest payment date. Accordingly, a holder of debentures who chooses to convert its debentures under any of the circumstances described in clauses (i), (ii) or (iii) above will not be required to

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pay us, at the time it surrenders the debentures for conversion, the amount of interest on the debentures that it would have received on the interest payment date if the debentures had not been called for redemption, repurchased by us or converted, as applicable. In addition, a holder that surrenders debentures for conversion will not be required to pay us any deferred interest, compounded interest or overdue interest that exists at the time of the conversion, regardless of whether such conversion occurs during the period between a record date for an interest payment and the corresponding interest payment date;

we will pay interest to a person other than the holder of record on the record date for an interest payment if we redeem the debentures on a date that is after the record date and prior to such interest payment date. In this instance, we will pay accrued and unpaid interest on the debentures being redeemed, to but not including the redemption date, to the same person to whom we will pay the principal of such debentures;

the record and payment dates for a contingent interest payment relating to an extraordinary dividend (as defined below) will be set by our board of directors in connection with the declaration of such dividend, and may not correspond to the semi-annual record and payment dates described above. However, the record date for the payment of such interest to holders of the debentures will be the same as the record date for the payment of the corresponding extraordinary dividend to holders of our common stock; and

our delivery to a holder of cash or a combination of cash and the full number of shares of our common stock, if applicable, together with any cash payment for any fractional share, into which a debenture is convertible, will be deemed to satisfy our obligation to pay accrued and unpaid interest attributable to the period from the issue date through the conversion date. As a result, we will treat such interest as paid in full upon settlement rather than cancelled, extinguished or forfeited. Interest on the debentures will be computed on the basis of a 360-day year composed of twelve 30-day months.

If any interest payment date (other than an interest payment date coinciding with the stated maturity date or earlier required repurchase date upon a fundamental change) of a debenture falls on a day that is not a business day, such interest payment date will be postponed to the next succeeding business day. If the stated maturity date or earlier required repurchase date upon a fundamental change would fall on a day that is not a business day, the required payment of interest, if any, and principal will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the stated maturity date or earlier required repurchase date upon a fundamental change to such next succeeding business day. The term *business day* means, with respect to any debenture, any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is closed.

Contingent interest

Subject to the accrual, record date and payment provisions described above, beginning with the semi-annual interest period commencing on March 15, 2014, contingent interest (*contingent interest*) will accrue:

during any semi-annual ordinary interest period where the average trading price of the debentures (as determined below) for the 10 trading days immediately preceding the first day

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of such semiannual period is greater than or equal to the upside trigger (as defined below), in which case such contingent interest will be payable at a rate per annum equal to 0.50% of such average trading price; and

during any semi-annual ordinary interest period where the average trading price of the debentures for the 10 trading days immediately preceding the first day of such semi-annual period is less than or equal to the downside trigger (as defined below), in which case such contingent interest will be payable at a rate per annum equal to 0.25% of such average trading price. In addition, we will pay contingent interest at any time the debentures are outstanding upon the declaration by our board of directors of an extraordinary cash dividend or distribution to all or substantially all holders of our common stock that our board of directors designates as payable with respect to the debentures (an extraordinary dividend), in which case such contingent interest will be payable on the same date as, and in an amount equal to, the dividend or distribution that a holder of debentures would have received had such holder converted its debentures immediately prior to the record date for the payment of such dividend or distribution to holders of our common stock (calculated as if such debentures had been converted entirely into shares of our common stock). The record date for the payment of such interest to holders of the debentures will also be the same as the record date for the payment of the corresponding extraordinary dividend to holders of our common stock.

Upside trigger means \$1,300 per \$1,000 principal amount of debentures.

Downside trigger means \$600 per \$1,000 principal amount of debentures during the period prior to March 15, 2018. Beginning on March 15, 2018 and ending on March 15, 2036, the downside trigger will increase in increments of \$10 per \$1,000 principal amount of debentures per semi-annual ordinary interest period on March 15 and September 15 of each year within such period. For example, the downside trigger will be \$620 per \$1,000 principal amount of debentures during the period commencing on September 15, 2018 and ending on March 14, 2019.

We will notify the trustee upon a determination that contingent interest on the debentures will accrue during a relevant semi-annual period or upon declaration by our board of directors of an extraordinary dividend that our board of directors designates as payable with respect to the debentures.

For purposes of the foregoing contingent interest provisions, the trading price of the debentures on any date of determination means the average of the secondary market bid quotations per \$1,000 principal amount of debentures obtained by the bid solicitation agent for \$5,000,000 principal amount of debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; provided that if at least three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the bid solicitation agent, that one bid shall be used. We will provide prompt written notice to the bid solicitation agent identifying the three independent nationally recognized securities dealers selected by us. If the bid solicitation agent cannot reasonably obtain at least one bid for \$5,000,000 principal amount of debentures from an independent nationally recognized securities dealer selected by us and identified in writing to the bid solicitation agent or, in the reasonable judgment or our board of directors (acting

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through the board or a committee thereof), the bid quotations are not indicative of the secondary market value of the debentures, then the trading price per \$1,000 principal amount of debentures will be determined by our board of directors (acting through the board or a committee thereof) based on a good faith estimate of the fair value of the debentures; provided that the bid solicitation agent shall not determine the trading price of the debentures unless requested by us to do so; and provided, further, that we shall have no obligation to make such request unless a holder of debentures provides us with reasonable evidence that the trading price of the debentures is greater than or equal to the upside trigger or is less than or equal to the downside trigger, at which time we will instruct the bid solicitation agent to determine the trading price of the debentures in the manner described herein beginning on the next trading day and on each successive trading day until the trading price of the debentures is less than or equal to the upside trigger or is greater than or equal to the downside trigger, as applicable. The bid solicitation agent shall be entitled to all of the rights of the bid solicitation agent set forth in the indenture in connection with any such determination, and any such determination shall be conclusive absent manifest error.

Option to extend interest payment period

So long as we are not in default in the payment of interest on the debentures, we have the right to extend the interest payment period (such extended period, an extension period), including the period for payment of any contingent interest other than extraordinary dividends and additional interest (together with the interest regularly payable on the debentures, deferred interest), from time to time for a period not exceeding 10 consecutive semi-annual interest periods, provided that such extension period shall terminate upon the occurrence of a default or event of default, or upon notice given by us in accordance with the provisions of the indenture, and provided further that no extension period shall extend beyond the maturity date of the debentures. We have no current intention of exercising our right to extend an interest payment period. No deferred interest will be due and payable during an extension period, except at the end thereof, but deferred interest will continue to accrue and all such accrued and unpaid deferred interest will itself bear interest at the comparable yield rate (as defined below), compounded semi-annually (compounded interest). During any extension period, we will not (i) declare or pay any dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any of our common stock or preferred stock, or make any guarantee payments with respect thereto (provided that the foregoing will not apply (a) to repurchases, redemptions or other acquisitions of shares of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants, which contract, plan or arrangement is approved by our board of directors, (b) as a result of an exchange or conversion of any class or series of our capital stock for any other class or series of our capital stock, (c) to the purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged or (d) to stock dividends or other stock distributions (including rights, warrants or options to purchase capital stock) paid by us) or (ii) make any payment of principal, interest or premium, if any, on or repay, repurchase or redeem any of our debt securities that rank in right of payment *pari passu* with, or junior to, the debentures (provided that the foregoing will not apply to any indebtedness or obligation of ours to any of our wholly-owned subsidiaries). In addition, we may not redeem the debentures at our option or give notice of a redemption at our option during an extension period or while there is any accrued and unpaid deferred interest with respect to the debentures. Prior to the

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termination of any extension period, we may further extend the interest payment period; provided that such extension period will be subject to the limitations described above and, together with all such previous and further extensions thereof, may not exceed 10 consecutive semi-annual interest payment periods or extend beyond the maturity of the debentures.

On the first interest payment date occurring on or after the end of each extension period, we will pay to the holders of debentures of record on the record date for such interest payment date, regardless of who the holders of record may have been on other dates during the extension period, all accrued and unpaid deferred interest on the debentures, including compounded interest. Upon the termination of any extension period and the payment of all amounts then due, we may commence a new extension period, subject to the above requirements. We may also prepay at any time, in accordance with the notice provisions contained in the indenture, all or any portion of the deferred interest accrued during an extension period. Consequently, there could be multiple extension periods of varying lengths throughout the term of the debentures, not to exceed 10 consecutive semi-annual interest payment periods; provided, that no such period may extend beyond the stated maturity of the debentures. The failure by us to make deferred interest payments during an extension period will not constitute a default or an event of default under the indenture or our currently outstanding indebtedness.

Comparable yield rate means the annual interest rate that Xilinx would pay, as of the initial issue date of the debentures, on a fixed-rate nonconvertible debt security with no contingent payments, but with terms and conditions otherwise comparable to those of the debentures. We expect that the comparable yield rate for the debentures will be an annual rate of 7.20%, compounded semi-annually.

Our settlement of conversions during an extension period will be deemed to satisfy our obligation to pay the principal amount of the debenture and accrued and unpaid interest to, but not including, the conversion date. As a result, accrued and unpaid interest to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

We will give notice to the trustee of our election of such extension period at least sixteen calendar days prior to the earlier of (i) the next succeeding interest payment date or (ii) the date we are required to give notice to The Nasdaq Global Select Market (if the debentures are then listed thereon) or other applicable self-regulatory organization or to holders of the debentures of the record or payment date of such related interest payment.

Subordination

The payment of the principal, any premium and interest on the debentures, including amounts payable on any redemption or repurchase, are subordinated to the prior payment in full of all of our senior debt. The debentures are also effectively subordinated to any debt or other liabilities of our subsidiaries.

As of March 31, 2007, we had no senior debt outstanding, and our subsidiaries had approximately \$78 million of outstanding indebtedness and other liabilities (excluding intercompany liabilities and liabilities of a type not required to be reflected on the balance sheet of such subsidiaries in accordance with generally accepted accounting principles).

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Senior debt is defined in the indenture to mean the principal of (and premium, if any) and 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) on, and all fees and other amounts payable in connection with, the following, whether absolute or contingent, secured or unsecured, due or to become due, outstanding on the date of the indenture or thereafter created, incurred or assumed:

our indebtedness evidenced by a credit or loan agreement, note, bond, debenture or other written obligation;

all of our obligations for money borrowed;

all of our obligations evidenced by a note or similar instrument;

our obligations (i) as lessee under leases required to be capitalized on the balance sheet of the lessee under generally accepted accounting principles or (ii) as lessee under other leases for facilities, capital equipment or related assets, whether or not capitalized, entered into or leased for financing purposes;

all of our obligations under interest rate and currency swaps, caps, floors, collars, hedge agreements, forward contracts or similar agreements or arrangements;

all of our obligations with respect to letters of credit, bankers' acceptances and similar facilities (including reimbursement obligations with respect to the foregoing);

all of our obligations issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable and accrued liabilities arising in the ordinary course of business);

all obligations of the type referred to in the above clauses of another person and all dividends of another person, the payment of which, in either case, we have assumed or guaranteed, or for which we are responsible or liable, directly or indirectly, jointly or severally, as obligor, guarantor or otherwise, or which are secured by a lien on our property; and

renewals, extensions, modifications, replacements, restatements and refundings of, or any indebtedness or obligation issued in exchange for, any such indebtedness or obligation described in the above clauses of this definition.

Senior debt does not include (i) the debentures, (ii) any other indebtedness or obligation if its terms or the terms of the instrument under which or pursuant to which it is issued expressly provide that it is not senior in right of payment to the debentures, (iii) any indebtedness or obligation of ours to any of our subsidiaries or (iv) trade payables.

We may not make any payment on account of principal, premium or interest on the debentures, or redeem or repurchase the debentures, if either of the following occurs:

we default in our obligations to pay principal, premium, interest or other amounts on our designated senior debt, including a default under any redemption or repurchase obligation, and the default continues beyond any grace period that we may have to make those payments; or

any other default occurs and is continuing on any designated senior debt (a nonpayment default) and (i) the default permits the holders of the designated senior debt to accelerate its

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maturity and (ii) the trustee has received a notice (a payment blockage notice) of the default from us, the holder of such debt or such other person permitted to give such notice under the indenture.

If payments on the debentures have been blocked by a payment default on designated senior debt, payments on the debentures may resume when the payment default has been cured or waived or ceases to exist. If payments on the debentures have been blocked by a nonpayment default, payments on the debentures may resume on the earlier of (i) the date the nonpayment default is cured or waived or ceases to exist and (ii) 179 days after the payment blockage notice is received.

No nonpayment default that existed on the day a payment blockage notice was delivered to the trustee can be used as the basis for any subsequent payment blockage notice. In addition, once a holder of designated senior debt has blocked payment on the debentures by giving a payment blockage notice, no new period of payment blockage can be commenced pursuant to a subsequent payment blockage notice until both of the following are satisfied:

365 days have elapsed since the effectiveness of the immediately prior payment blockage notice; and

all scheduled payments of principal, any premium and interest with respect to the debentures that have come due have been paid in full in cash.

Designated senior debt means our obligations under any particular senior debt in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which we are a party) expressly provides that such indebtedness shall be designated senior debt for purposes of the indenture. The instrument, agreement or other document evidencing any designated senior debt may place limitations and conditions on the right of such senior debt to exercise the rights of designated senior debt.

Upon any acceleration of the principal due on the debentures as a result of an event of default or payment or distribution of our assets to creditors upon any dissolution, winding up, liquidation or reorganization, whether voluntary or involuntary, marshaling of assets, assignment for the benefit of creditors, or in bankruptcy, insolvency, receivership or other similar proceedings, all principal, premium, if any, interest and other amounts due on all senior debt must be paid in full before you are entitled to receive any payment with respect to the debentures. See Events of default. By reason of such subordination, in the event of insolvency, our creditors who are holders of senior debt are likely to recover more, ratably, than you will recover, and you will likely experience a reduction or elimination of payments on the debentures.

In addition to the contractual subordination provisions described above, the debentures are also structurally subordinated to all indebtedness and other liabilities, including trade payables and lease obligations, of our subsidiaries. This occurs because any right of Xilinx to receive any assets of its subsidiaries upon their liquidation or reorganization, and the right of the holders of the debentures to participate in those assets, are effectively subordinated to the claims of that subsidiary's creditors, including trade creditors, except to the extent that Xilinx itself is recognized as a creditor of such subsidiary, in which case the claims of Xilinx would still be subordinate to any security interest in the assets of the subsidiary and any indebtedness of the subsidiary senior to that held by Xilinx. The ability of our subsidiaries to pay dividends and make other payments to us is also restricted by, among other things, applicable corporate and other laws and regulations as well as agreements to which our subsidiaries are or may become a party.

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The indenture does not limit our ability to incur senior debt or our ability or the ability of our subsidiaries to incur any other indebtedness or liabilities.

We may not be able to comply with the provision of the debentures that provides that upon a fundamental change each holder may require us to repurchase all or a portion of the debentures. In addition, we advise you that there may not be sufficient assets remaining to pay amounts due on the debentures then outstanding in the event of our bankruptcy, liquidation, reorganization or other winding up.

Optional redemption

No sinking fund is provided for the debentures. Except as described below, prior to March 15, 2014, the debentures are not redeemable. On or after March 15, 2014, we may redeem for cash all or part of the debentures if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading day period prior to the date on which we provide notice of redemption. The redemption price will equal 100% of the principal amount of the debentures being redeemed, plus accrued and unpaid interest to but excluding the redemption date.

On or prior to August 27, 2007, we may redeem the debentures in whole or in part for cash if any tax triggering event has occurred. The redemption price for any such redemption will be equal to 101.5% of the principal amount of the debentures being redeemed plus (i) accrued and unpaid interest to but excluding the redemption date and (ii) if the conversion parity value of the debentures being redeemed exceeds their initial conversion value, 79% of the amount determined by subtracting the initial conversion value of such debentures from their conversion parity value.

We will give notice of redemption not less than 30 nor more than 60 days before the redemption date by mail to the trustee, the paying agent and each holder of debentures. However, we may not redeem the debentures at our option or give notice of redemption during an extension period or while there is any accrued and unpaid deferred interest with respect to the debentures.

If debentures are redeemed on a date that is after a record date for an interest payment and prior to the corresponding interest payment date, we will pay accrued and unpaid interest to the same person to whom we pay the principal of the debentures being redeemed rather than to the holder of record on the record date. If debentures are redeemed on any interest payment date, accrued and unpaid interest will be payable to holders of record on the relevant record date.

We may not redeem any debentures unless all accrued and unpaid interest thereon has been or is simultaneously paid for all semi-annual periods or portions thereof terminating prior to the redemption date.

If we decide to redeem fewer than all of the outstanding debentures, the trustee will select the debentures to be redeemed (in principal amounts of \$1,000 or integral multiples thereof) by lot, or on a pro rata basis or by another method the trustee considers fair and appropriate.

If the trustee selects a portion of your debentures for partial redemption and you convert a portion of your debentures, the converted portion will be deemed to be from the portion selected for redemption.

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In the event of any redemption in part, we will not be required to

issue, register the transfer of or exchange any debentures during the 15-day period prior to the date on which a notice of redemption is deemed to have been given to all holders of debentures to be redeemed; or

register the transfer of or exchange any debentures so selected for redemption, in whole or in part, except the unredeemed portion of any debentures being redeemed in part.

The **last reported sale price** of our common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average asked prices) on that date as reported in composite transactions for the principal U.S. national or regional securities exchange on which our common stock is listed for trading. If our common stock is not listed for trading on a U.S. national or regional securities exchange on the relevant date, the **last reported sale price** will be the last quoted bid price for our common stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau or similar organization. If our common stock is not so quoted, the **last reported sale price** will be the average of the mid-point of the last bid and ask prices for our common stock on the relevant date from each of at least three nationally recognized independent investment banking firms selected by us for this purpose.

Tax triggering event means the enactment of U.S. federal legislation, promulgation of Treasury regulations, issuance of a published ruling, notice, announcement or equivalent form of guidance by the Treasury or the Internal Revenue Service, or the issuance of a judicial decision if Xilinx determines in good faith, or receives an opinion of its outside counsel to the effect that, any such authority will have the effect of lowering the comparable yield or delaying or otherwise limiting the current deductibility of interest or original issue discount with respect to the debentures, provided that Xilinx determines in good faith that such reduction, delay, or limitation is material.

Conversion parity value means the product of (i) the conversion rate in effect on the redemption date and (ii) the average of the volume-weighted average prices of our common stock for the 20 consecutive trading days ending on the trading day immediately preceding the redemption date.

The **volume-weighted average price** of our common stock on a trading day means the price displayed under the heading **Bloomberg VWAP** on Bloomberg (or any successor service) page XLNX.UQ <equity> AQR (or any successor page) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on that trading day, or, if such price is not available, the volume-weighted average price per share of our common stock on that trading day as determined by a nationally recognized independent investment banking firm retained for this purpose by us.

Initial conversion value means the product of (i) the initial conversion rate, prior to adjustments as described under **Conversion rights** **Conversion rate adjustments** and (ii) \$25.98, the last reported sale price of our common stock on February 27, 2007.

Conversion rights

General

Prior to December 15, 2036, the debentures are convertible only upon satisfaction of one or more of the conditions described under the headings **Conversion upon satisfaction of sale price**

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condition, Conversion upon satisfaction of trading price condition, Conversion upon notice of redemption, and Conversion upon specified corporate transactions. On or after December 15, 2036, holders may convert each of their debentures at the applicable conversion rate at any time prior to the close of business on the business day immediately preceding the maturity date. The initial conversion rate is 32.0760 shares of common stock per \$1,000 principal amount of debentures (equivalent to a conversion price of approximately \$31.18 per share of common stock) and is subject to adjustment as provided below. Upon conversion of a debenture, we will pay cash equal to the lesser of the aggregate principal amount and the conversion value of the debentures being converted and cash, shares of our common stock or a combination of cash and shares of our common stock, at our option, for the remainder, if any, of our conversion obligation, in each case based on a daily conversion value (as defined below) calculated on a proportionate basis for each trading day in the 20 trading day observation period (as defined below), all as set forth below under Payment upon conversion. The trustee will initially act as the conversion agent.

The conversion rate and the equivalent conversion price in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively, and will be subject to adjustment as described below. A holder may convert fewer than all of such holder's debentures so long as the debentures converted are a multiple of \$1,000 principal amount.

If we call debentures for redemption, a holder of debentures may convert debentures only until the close of business on the trading day immediately preceding the redemption date unless we fail to pay the redemption price. If a holder of debentures has submitted debentures for repurchase upon a fundamental change, the holder may convert those debentures only if that holder withdraws the repurchase election made by that holder.

Upon conversion, you will not receive any separate cash payment for accrued and unpaid interest unless such conversion occurs between a regular record date and the interest payment date to which it relates and you were the holder of record on such record date. We will not issue fractional shares of our common stock upon conversion of debentures. Instead, we will pay cash in lieu of fractional shares based on the daily VWAP (as defined under Payment upon conversion) of our common stock on the last day of the observation period (as defined under Payment upon conversion). Our delivery to you of cash or a combination of cash and the full number of shares of our common stock, if applicable, together with any cash payment for any fractional share, into which a debenture is convertible, will be deemed to satisfy in full our obligation to pay:

the principal amount of the debenture; and

accrued and unpaid interest to, but not including, the conversion date.

As a result, accrued and unpaid interest to, but not including, the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the preceding paragraph, if debentures are converted after 5:00 p.m., New York City time, on a record date for the payment of interest, holders of such debentures at 5:00 p.m., New York City time, on such record date will receive the interest payable on such debentures on the corresponding interest payment date notwithstanding the conversion. Debentures, upon surrender for conversion during the period from 5:00 p.m., New York City time, on any record date to 9:00 a.m., New York City time, on the immediately following interest

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payment date, must be accompanied by funds equal to the amount of interest payable on the debentures so converted; provided that no such payment need be made:

if we have specified a redemption date that is after a record date and on or prior to the corresponding interest payment date;

if we have specified a fundamental change repurchase date that is after a record date and on or prior to the corresponding interest payment date;

in respect of any conversion that occurs after the record date for the interest payment due on March 15, 2037; or

to the extent of any deferred interest, compounded interest or overdue interest, if any such amounts exist at the time of conversion with respect to such debenture.

If a holder converts debentures, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of any shares of our common stock upon the conversion, unless the tax is due because the holder requests any shares to be issued in a name other than the holder's name or, solely because as a result of actions by the holder, the tax is imposed by any taxing authority outside the United States, in which case the holder will pay that tax.

Prior to December 15, 2036, holders may surrender their debentures for conversion into cash and shares of our common stock, if any, only under the following circumstances:

Conversion upon satisfaction of sale price condition

A holder may surrender all or a portion of its debentures for conversion during any fiscal quarter (and only during such fiscal quarter) commencing after June 30, 2007, if the last reported sale price of the common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on such last trading day.

For purposes of the foregoing and the immediately following contingent conversion provisions, trading day means a day during which (i) trading in our common stock generally occurs on the principal U.S. national or regional securities exchange or market on which our common stock is listed or admitted for trading, (ii) there is no market disruption event and (iii) a last reported sale price is available on the principal U.S. national or regional securities exchange or market on which our common stock is listed or admitted for trading. If our common stock (or other security for which a last reported sale price must be determined) is not so listed or admitted for trading, trading day means a business day.

Market disruption event means, if our common stock is listed on a U.S. national or regional securities exchange, the occurrence or existence during the one-half hour period ending on the scheduled close of trading on any trading day for our common stock of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in our common stock or in any options, contracts or future contracts relating to our common stock.

Conversion upon satisfaction of trading price condition

A holder of debentures may surrender its debentures for conversion during the five business day period after any 10 consecutive trading day period (the measurement period) in which the

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trading price per \$1,000 principal amount of debentures, as determined following a request by a holder of debentures in accordance with the procedures described below, for each day of that period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate.

For purposes of the foregoing and immediately following conversion provisions, the trading price of the debentures on any date of determination means the average of the secondary market bid quotations obtained by the bid solicitation agent for \$5,000,000 principal amount of the debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; provided that, if three such bids cannot reasonably be obtained by the bid solicitation agent but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the bid solicitation agent, that one bid shall be used. If the bid solicitation agent cannot reasonably obtain at least one bid for \$5,000,000 principal amount of the debentures from a nationally recognized securities dealer, then the trading price per \$1,000 principal amount of debentures will be deemed to be less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate. If we do not instruct the bid solicitation agent to obtain bids when required, the trading price per \$1,000 principal amount of the debentures will be deemed to be less than 98% of the product of the last reported sale price on each day that we fail to do so.

In connection with any conversion upon satisfaction of the above trading price condition, the bid solicitation agent will have no obligation to determine the trading price of the debentures unless we have requested such determination; and we will have no obligation to make such request unless a holder of a debenture provides us with reasonable evidence that the trading price per \$1,000 principal amount of debentures would be less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate. At such time, we will instruct the bid solicitation agent to determine the trading price of the debentures beginning on the next trading day and on each successive trading day until the trading price per \$1,000 principal amount of debentures is greater than or equal to 98% of the product of the last reported sale price of our common stock and applicable conversion rate.

Conversion upon notice of redemption

If we call any or all of the debentures for redemption, holders may convert debentures that have been so called for redemption at any time prior to the close of business on the trading day immediately preceding the redemption date, even if the debentures are not otherwise convertible at such time, after which time the holder's right to convert will expire unless we default in the payment of the redemption price.

Conversion upon specified corporate transactions

Certain distributions

If we elect to:

issue to all or substantially all holders of our common stock certain rights entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at less than the average of the last reported sale prices of a share of our common stock for the 10 consecutive trading-day period ending on the trading day preceding the announcement of such issuance; or

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distribute to all or substantially all holders of our common stock our assets, debt securities or certain rights to purchase our securities, which distribution has a per share value, as determined by our board of directors in good faith, exceeding 10% of the last reported sale price of our common stock on the trading day preceding the declaration date for such distribution, we must notify the holders of the debentures at least 25 scheduled trading days prior to the ex date for such distribution. Once we have given such notice, holders may surrender their debentures for conversion at any time until the earlier of 5:00 p.m., New York City time, on the business day immediately prior to the ex date or our announcement that such distribution will not take place, even if the debentures are not otherwise convertible at such time. The ex date means the first date on which shares of our common stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question.

Certain corporate events

If we are party to a transaction described in clause (2) of the definition of fundamental change (without giving effect to the exception regarding publicly traded securities contained in the paragraph immediately following that definition), we must notify holders of the debentures at least 25 scheduled trading days prior to the anticipated effective date for such transaction. Once we have given such notice, holders may surrender their debentures for conversion at any time until 25 calendar days after the actual effective date of such transaction (or if such transaction also constitutes a fundamental change, the related fundamental change repurchase date). In addition, holders may surrender all or a portion of their debentures for conversion if a fundamental change of the type described in clauses (1) or (3) of the definition of fundamental change occurs. In such event, holders may surrender debentures for conversion at any time beginning on the actual effective date of such fundamental change until and including the date that is 30 calendar days after the actual effective date of such transaction or, if earlier, until the repurchase date corresponding to such fundamental change.

Conversion procedures

If you hold a beneficial interest in a global debenture, to convert you must comply with DTC's procedures for converting a beneficial interest in a global debenture and, if required, pay funds equal to interest payable on the next interest payment date and all transfer and similar taxes that may be applicable to such conversion.

If you hold a certificated debenture, to convert you must:

complete and manually sign the conversion notice on the back of the debenture, or a facsimile of the conversion notice;

deliver the conversion notice, which is irrevocable, and the debenture to the conversion agent;

if required, furnish appropriate endorsements and transfer documents;

if required, pay all transfer or similar taxes; and

if required, pay funds equal to interest payable on the next interest payment date.

The date you comply with these requirements is the conversion date under the indenture.

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If a holder has already delivered a repurchase notice as described under Fundamental change permits holders to require us to repurchase debentures with respect to a debenture, the holder may not surrender that debenture for conversion until the holder has withdrawn the repurchase notice in accordance with the indenture.

Payment upon conversion

Upon conversion, we will deliver to holders in respect of each \$1,000 principal amount of debentures being converted a settlement amount equal to the sum of the daily settlement amounts for each of the 20 trading days during the observation period. The daily settlement amount, for each of the 20 trading days during the observation period, shall consist of:

cash equal to the lesser of \$50 and the daily conversion value; and

to the extent the daily conversion value exceeds \$50, a number of shares (the daily share amount) equal to (i) the difference between the daily conversion value and \$50, divided by (ii) the daily VWAP for such day.

Daily conversion value means, for each of the 20 consecutive trading days during the observation period, 5% of the product of (i) the applicable conversion rate and (ii) the daily VWAP of our common stock on such day.

Daily VWAP means, for each of the 20 consecutive trading days during the observation period, the per share volume-weighted average price as displayed under the heading Bloomberg VWAP on Bloomberg page XLNX.UQ <equity> AQR (or its equivalent successor if such page is not available) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such trading day (or if such volume-weighted average price is unavailable, the market value of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us), provided that after consummation of a fundamental change in which the consideration is comprised entirely of cash, the daily VWAP will be deemed to be the cash price per share received by holders of our common stock in such fundamental change.

Observation period with respect to any debenture means the 20 consecutive trading day period beginning on and including the second trading day after the related conversion date, except that (i) with respect to any conversion date occurring after the date of issuance of a notice of redemption as described under Optional redemption, the observation period means the 20 consecutive trading days beginning on and including the 22nd scheduled trading day prior to the applicable redemption date and (ii) with respect to any conversion date occurring during the period beginning on December 15, 2036, and ending at 5:00 p.m., New York City time, on the scheduled trading day immediately prior to maturity, observation period means the first 20 trading days beginning on and including the 22nd scheduled trading day prior to maturity.

For the purposes of determining payment upon conversion, trading day means a day during which (i) trading in our common stock generally occurs on the principal U.S. national or regional securities exchange or market on which our common stock is listed or admitted for trading and (ii) there is no market disruption event.

Scheduled trading day means a day that is scheduled to be a trading day on the principal U.S. national or regional securities exchange or market on which our common stock is listed or admitted for trading.

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We will deliver the settlement amount to converting holders on the third business day immediately following the last day of the observation period.

On any day prior to the first trading day of the applicable observation period, we may specify a percentage of the daily share amount that will be settled in cash (the cash percentage). If we elect to specify a cash percentage then, in lieu of all or a portion of the daily share amount for each trading day in the applicable observation period, we will deliver cash equal to the product of (i) the cash percentage, (ii) the daily share amount for such trading day and (iii) the daily VWAP for such trading day. The number of shares in respect to the daily share amount for each trading day in the applicable observation period will equal the product of (x) the daily share amount and (y) 100% minus the cash percentage. If we do not specify a cash percentage by the start of the applicable observation period, we must settle 100% of the daily share amount for each trading day in the applicable observation period with shares of our common stock; provided, however, that (i) we will pay cash in lieu of fractional shares otherwise issuable upon conversion of such debenture and (ii) if conversion of such debentures is in connection with a transaction described below under Recapitalizations, reclassifications and changes of our common stock pursuant to which the debentures become convertible into cash and reference property, we will settle such conversion in cash and reference property.

We will deliver cash in lieu of any fractional share of common stock issuable in connection with payment of the settlement amount (based on the daily VWAP for the final trading day of the applicable observation period).

Exchange in lieu of conversion

When a holder surrenders debentures for conversion, we may direct the conversion agent to surrender, on or prior to the commencement of the applicable observation period, such debentures to a financial institution designated by us for exchange in lieu of conversion. In order to accept any debentures surrendered for conversion, the designated institution must agree to deliver, in exchange for such debentures, all cash and shares of our common stock, if any, due upon conversion, all as provided above under Payment upon conversion, at the sole option of the designated financial institution and as is designated to the conversion agent by us. By the close of business on the trading day immediately preceding the start of the applicable observation period, we will notify the holder surrendering debentures for conversion that we have directed the designated financial institution to make an exchange in lieu of conversion and such financial institution will be required to notify the conversion agent whether it will deliver, upon exchange, all cash or a combination of cash and shares of common stock.

If the designated institution accepts any such debentures, it will deliver cash and, if applicable, the appropriate number of shares of our common stock to the conversion agent and the conversion agent will deliver the cash and those shares to such holder on the third business day immediately following the last day of the applicable observation period. Any debentures exchanged by the designated institution will remain outstanding. If the designated institution agrees to accept any debentures for exchange but does not timely deliver the related consideration, or if such designated financial institution does not accept the debentures for exchange, we will, no later than the third business day immediately following the last day of the applicable observation period, convert the debentures into cash and shares, if any, of our common stock, as described above under Conversion rights.

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Our designation of an institution to which the debentures may be submitted for exchange does not require the institution to accept any debentures. We will not pay any consideration to, or otherwise enter into any agreement with, the designated institution for or with respect to such designation.

Conversion rate adjustments

The conversion rate will be adjusted as described below, except that we will not make any adjustments to the conversion rate if holders of the debentures participate, as a result of holding the debentures, in any of the transactions described below without having to convert their debentures.

(1) If we issue shares of our common stock as a dividend or distribution on shares of our common stock, or if we effect a share split or share combination, the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{OS}{OS_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex date of such dividend or distribution, or the effective date of such share split or combination, as applicable;

CR = the conversion rate in effect immediately after such ex date or effective date;

OS_0 = the number of shares of our common stock outstanding immediately prior to such ex date or effective date; and

OS = the number of shares of our common stock outstanding immediately after such ex date or effective date.

(2) If we issue to all or substantially all holders of our common stock any rights or warrants entitling them for a period of not more than 60 calendar days to subscribe for or purchase shares of our common stock, at a price per share less than the average of the last reported sale prices of our common stock for the 10 consecutive trading day period ending on the business day immediately preceding the date of announcement of such issuance, the conversion rate will be adjusted based on the following formula (provided that the conversion rate will be readjusted to the extent that such rights or warrants are not exercised prior to their expiration):

$$CR = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex date for such issuance;

CR = the conversion rate in effect immediately after such ex date;

OS_0 = the number of shares of our common stock outstanding immediately after such ex date;

X = the total number of shares of our common stock issuable pursuant to such rights; and

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Y = the number of shares of our common stock equal to the aggregate price payable to exercise such rights divided by the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on the business day immediately preceding the date of announcement of the issuance of such rights.

(3) If we distribute shares of our capital stock, evidences of our indebtedness or other assets or property of ours to all or substantially all holders of our common stock, excluding:

dividends or distributions and rights or warrants referred to in clause (1) or (2) above or clause (5) below for which an adjustment is made to the conversion rate; and

dividends or distributions paid exclusively in cash, including as described in clause (4) below; then the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the conversion rate in effect immediately prior to the ex date for such distribution;

CR = the conversion rate in effect immediately after such ex date;

SP_0 = the average of the last reported sale prices of our common stock over the 10 consecutive trading day period ending on the trading day immediately preceding the ex date for such distribution; and

FMV = the fair market value (as determined by our board of directors) of the shares of capital stock, evidences of indebtedness, assets or property distributed with respect to each outstanding share of our common stock on the ex date for such distribution.

With respect to an adjustment pursuant to this clause (3) where there has been a payment of a dividend or other distribution on our common stock or shares of capital stock of any class or series, or similar equity interest, of or relating to a subsidiary or other business unit, which we refer to as a spin-off, the conversion rate in effect immediately before 5:00 p.m., New York City time, on the effective date of the spin-off will be increased based on the following formula:

$$CR = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the conversion rate in effect immediately prior to the effective date of the adjustment;

CR = the conversion rate in effect immediately after the effective date of the adjustment;

FMV_0 = the average of the last reported sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock over the first 10 consecutive trading day period after the effective date of the spin-off; and

MP_0 = the average of the last reported sale prices of our common stock over the first 10 consecutive trading day period after the effective date of the spin-off.

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The adjustment to the conversion rate under the preceding paragraph will occur on the tenth trading day from, and including, the effective date of the spin-off.

(4) If any cash dividend or distribution is made to all or substantially all holders of our common stock, other than (i) distributions described in clause (5) below pursuant to which an adjustment to the conversion rate is made, (ii) an extraordinary cash dividend or distribution that our board of directors designates as payable with respect to the debentures or (iii) regular quarterly cash dividends that do not exceed \$0.09 per share (the initial dividend threshold), the conversion rate will be adjusted based on the following formula:

$$CR = CR_0 \times \frac{SP_0}{\text{---}}$$