XILINX INC
Form 10-Q
January 30, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 27, 2014

or
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to _______ .
Commission File Number 000-18548

Xilinx, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	77-0188631 (I.R.S. Employer Identification No.)
2100 Logic Drive, San Jose, California (Address of principal executive offices)	95124 (Zip Code)

(408) 559-7778
(Registrant’s telephone number, including area code)
N/A
(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer x Accelerated filer ¨

Non-accelerated filer ¨ Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Shares outstanding of the registrant’s common stock:

Class	Shares Outstanding as of January 16, 2015
Common Stock, $.01 par value	261,437,324

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
XILINX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended December 27, 2014	Three Months Ended December 28, 2013	Nine Months Ended December 27, 2014	Nine Months Ended December 28, 2013
Net revenues	$593,549	$586,816	$1,810,445	$1,764,708
Cost of revenues	179,638	180,792	538,445	543,308
Gross margin	413,911	406,024	1,272,000	1,221,400
Operating expenses:				
Research and development	133,455	128,092	393,803	364,635
Selling, general and administrative	88,076	91,794	274,472	280,520
Amortization of acquisition-related intangibles	2,371	2,589	7,167	7,425
Litigation and contingencies	—	(19,190)	—	9,410
Total operating expenses	223,902	203,285	675,442	661,990
Operating income	190,009	202,739	596,558	559,410
Interest and other expense, net	4,007	4,807	15,960	25,734
Income before income taxes	186,002	197,932	580,598	533,676
Provision for income taxes	17,536	22,055	67,005	59,315
Net income	$168,466	$175,877	$513,593	$474,361
Net income per common share:				
Basic	$0.64	$0.66	$1.93	$1.78
Diluted	$0.62	$0.61	$1.85	$1.66
Cash dividends per common share	$0.29	$0.25	$0.87	$0.75
Shares used in per share calculations:				
Basic	262,881	267,780	266,299	266,068
Diluted	273,795	288,195	277,709	285,380

See notes to condensed consolidated financial statements.

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XILINX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In thousands)	Three Months Ended December 27, 2014	Three Months Ended December 28, 2013	Nine Months Ended December 27, 2014	Nine Months Ended December 28, 2013
Net income	$168,466	$175,877	$513,593	$474,361
Other comprehensive income (loss), net of tax:				
Change in net unrealized gains (losses) on available-for-sale securities	(409)	(2,901)	3,822	(16,831)
Reclassification adjustment for gains on available-for-sale securities	(1,868)	(21)	(3,187)	(188)
Change in net unrealized losses on hedging transactions	(3,896)	(96)	(6,957)	(251)
Reclassification adjustment for (gains) losses on hedging transactions	1,786	(259)	768	1,836
Cumulative translation adjustment, net	(1,475)	290	(1,882)	(774)
Other comprehensive loss	(5,862)	(2,987)	(7,436)	(16,208)
Total comprehensive income	$162,604	$172,890	$506,157	$458,153

See notes to condensed consolidated financial statements.

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XILINX, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value amounts)	December 27, 2014 (unaudited)	March 29, 2014 [1]
ASSETS		
Current assets:		
Cash and cash equivalents	$1,431,023	$973,677
Short-term investments	1,489,744	1,483,644
Accounts receivable, net	187,496	267,833
Inventories	246,664	233,999
Deferred tax assets	80,864	56,166
Prepaid expenses and other current assets	79,349	51,828
Total current assets	3,515,140	3,067,147
Property, plant and equipment, at cost	831,505	810,030
Accumulated depreciation and amortization	(493,591)	(454,941)
Net property, plant and equipment	337,914	355,089
Long-term investments	654,013	1,190,775
Goodwill	159,296	159,296
Acquisition-related intangibles, net	21,700	28,867
Other assets	227,141	236,175
Total Assets	$4,915,204	$5,037,349
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$58,231	$149,695
Accrued payroll and related liabilities	160,168	157,373
Income taxes payable	15,370	12,936
Deferred income on shipments to distributors	51,486	55,099
Other accrued liabilities	54,470	49,256
Current portion of long-term debt	573,290	565,001
Total current liabilities	913,015	989,360
Long-term debt	994,595	993,870
Deferred tax liabilities	293,138	253,433
Long-term income taxes payable	12,688	11,470
Other long-term liabilities	1,579	1,535
Commitments and contingencies	—	—
Temporary equity (Note 10)	26,710	34,999
Stockholders' equity:		
Preferred stock, $.01 par value (none issued)	—	—
Common stock, $.01 par value	2,611	2,686
Additional paid-in capital	690,351	805,073
Retained earnings	1,988,501	1,945,471
Accumulated other comprehensive loss	(7,984)	(548)
Total stockholders' equity	2,673,479	2,752,682
Total Liabilities, Temporary Equity and Stockholders' Equity	$4,915,204	$5,037,349

[1] Derived from audited financial statements
See notes to condensed consolidated financial statements.

XILINX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine Months Ended December 27, 2014	December 28, 2013
Cash flows from operating activities:		
Net income	$513,593	$474,361
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	40,857	41,604
Amortization	15,556	14,828
Stock-based compensation	79,900	68,353
Net (gain) loss on sale of available-for-sale securities	(5,508)	277
Amortization of debt discounts	9,014	12,144
Provision for deferred income taxes	19,712	70,168
Excess tax benefit from stock-based compensation	(16,669)	(20,248)
Others	—	(1,512)
Changes in assets and liabilities:		
Accounts receivable, net	80,337	21,927
Inventories	(12,299)	(5,208)
Prepaid expenses and other current assets	(11,703)	(7,929)
Other assets	(322)	(15,695)
Accounts payable	(91,464)	17,357
Accrued liabilities	1,640	28,303
Income taxes payable	5,710	(77,905)
Deferred income on shipments to distributors	(3,613)	(5,283)
Net cash provided by operating activities	624,741	615,542
Cash flows from investing activities:		
Purchases of available-for-sale securities	(2,112,128)	(3,152,726)
Proceeds from sale and maturity of available-for-sale securities	2,646,410	2,758,941
Purchases of property, plant and equipment	(23,682)	(30,717)
Other investing activities	(7,440)	27,092
Net cash provided by (used in) investing activities	503,160	(397,410)
Cash flows from financing activities:		
Repurchases of common stock	(476,012)	(167,121)
Proceeds from issuance of common stock through various stock plans, net	19,338	137,363
Payment of dividends to stockholders	(230,550)	(200,301)
Excess tax benefit from stock-based compensation	16,669	20,248
Net cash used in financing activities	(670,555)	(209,811)
Net increase in cash and cash equivalents	457,346	8,321
Cash and cash equivalents at beginning of period	973,677	623,558
Cash and cash equivalents at end of period	$1,431,023	$631,879
Supplemental disclosure of cash flow information:		
Interest paid	$28,776	$26,526
Income taxes paid, net	$41,252	$67,335

See notes to condensed consolidated financial statements.

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XILINX, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation

The accompanying interim condensed consolidated financial statements have been prepared in conformity with United States (U.S.) generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X, and should be read in conjunction with the Xilinx, Inc. (Xilinx or the Company) consolidated financial statements filed with the U.S. Securities and Exchange Commission (SEC) on Form 10-K for the fiscal year ended March 29, 2014. The interim financial statements are unaudited, but reflect all adjustments which are, in the opinion of management, of a normal, recurring nature necessary to provide a fair statement of results for the interim periods presented. The results of operations for the interim periods shown in this report are not necessarily indicative of the results that may be expected for the fiscal year ending March 28, 2015 or any future period.

The Company uses a 52- to 53-week fiscal year ending on the Saturday nearest March 31. Fiscal 2015 and 2014 are 52-week year ending on March 28, 2015 and March 29, 2014, respectively. The quarters ended December 27, 2014 and December 28, 2013 each included 13 weeks.

Note 2. Recent Accounting Changes and Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board (FASB) issued the authoritative guidance that outlines a new global revenue recognition standard that replaces virtually all existing US GAAP and IFRS guidance on contracts with customers and the related other assets and deferred costs. The guidance provides a five-step process for recognizing revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires expanded qualitative and quantitative disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for Xilinx beginning in fiscal year 2018, with no option to early adopt under US GAAP. The new standard is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Company is currently evaluating the impact of this new guidance on its consolidated financial statements, including selection of the transition method.

Note 3. Significant Customers and Concentrations of Credit Risk

Avnet, Inc. (Avnet), one of the Company’s distributors, distributes the Company’s products worldwide. As of December 27, 2014 and March 29, 2014, Avnet accounted for 66% and 55% of the Company’s total net accounts receivable, respectively. For the third quarter and first nine months of fiscal 2015, resale of product through Avnet accounted for 40% and 42% of the Company’s worldwide net revenues, respectively. For the third quarter and the first nine months of fiscal 2014, resale of product through Avnet accounted for 45% and 47% of the Company’s worldwide net revenues, respectively. The percentage of worldwide net revenues from Avnet was consistent with historical patterns. While the percentage of accounts receivable due from Avnet increased as of December 27, 2014 compared to as of March 29, 2014 was due to timing, it was consistent with historical patterns.

Xilinx is subject to concentrations of credit risk primarily in its trade accounts receivable and investments in debt securities to the extent of the amounts recorded on the consolidated balance sheet. The Company attempts to mitigate the concentration of credit risk in its trade receivables through its credit evaluation process, collection terms, distributor sales to diverse end customers and through geographical dispersion of sales. Xilinx generally does not require collateral for receivables from its end customers or from distributors.

No end customer accounted for more than 10% of the Company’s worldwide net revenues for the third quarter as well as the first nine months of fiscal 2015 and 2014.

The Company mitigates concentrations of credit risk in its investments in debt securities by currently investing approximately 91% of its portfolio in AA or higher grade securities as rated by Standard & Poor’s or Moody’s Investors Service. The Company’s methods to arrive at investment decisions are not solely based on the rating agencies’ credit ratings. Xilinx also performs additional credit due diligence and conducts regular portfolio credit reviews, including a review of counterparty credit risk related to the Company’s forward currency exchange contracts. Additionally, Xilinx limits its investments in the debt securities of a single issuer based upon the issuer’s credit rating and attempts to further mitigate credit risk by diversifying risk across geographies and type of issuer.

As of December 27, 2014, approximately 35% of the portfolio consisted of mortgage-backed securities. All of the mortgage-backed securities in the investment portfolio were issued by U.S. government-sponsored enterprises and agencies and are rated AA+ by Standard & Poor’s and AAA by Moody’s Investors Service.

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Note 4. Fair Value Measurements

The guidance for fair value measurements established by the FASB defines fair value as the exchange price that would be received from selling an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which Xilinx would transact and also considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of nonperformance.

The Company determines the fair value for marketable debt securities using industry standard pricing services, data providers and other third-party sources and by internally performing valuation testing and analysis. The Company primarily uses a consensus price or weighted-average price for its fair value assessment. The Company determines the consensus price using market prices from a variety of industry standard pricing services, data providers, security master files from large financial institutions and other third party sources and uses those multiple prices as inputs into a distribution-curve-based algorithm to determine the daily market value. The pricing services use multiple inputs to determine market prices, including reportable trades, benchmark yield curves, credit spreads and broker/dealer quotes as well as other industry and economic events. For certain securities with short maturities, such as discount commercial paper and certificates of deposit, the security is accreted from purchase price to face value at maturity. If a subsequent transaction on the same security is observed in the marketplace, the price on the subsequent transaction is used as the current daily market price and the security will be accreted to face value based on the revised price. For certain other securities, such as student loan auction rate securities, the Company performs its own valuation analysis using a discounted cash flow pricing model.

The Company validates the consensus prices by taking random samples from each asset type and corroborating those prices using reported trade activity, benchmark yield curves, binding broker/dealer quotes or other relevant price information. There have not been any changes to the Company’s fair value methodology during the first nine months of fiscal 2015 and the Company did not adjust or override any fair value measurements as of December 27, 2014.

Fair Value Hierarchy

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. The guidance for fair value measurements requires that assets and liabilities carried at fair value be classified and disclosed in one of the following categories:

Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities.

The Company’s Level 1 assets consist of U.S. government and agency securities and money market funds.

Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

The Company’s Level 2 assets consist of financial institution securities, non-financial institution securities, municipal bonds, U.S. government and agency securities, foreign government and agency securities, mortgage-backed securities, asset-backed securities, bank loans and debt mutual funds. The Company’s Level 2 assets and liabilities also include foreign currency forward contracts and commodity swap contracts.

Level 3 — Unobservable inputs to the valuation methodology that are supported by little or no market activity and that are significant to the measurement of the fair value of the assets or liabilities. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques, as well as significant management judgment or estimation.

The Company’s Level 3 assets and liabilities include student loan auction rate securities.

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Assets and Liabilities Measured at Fair Value on a Recurring Basis
In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability. The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis as of December 27, 2014 and March 29, 2014:

	December 27, 2014			
(In thousands)	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Cash equivalents:				
Money market funds	$302,542	$—	$—	$302,542
Financial institution securities	—	143,999	—	143,999
Non-financial institution securities	—	120,988	—	120,988
U.S. government and agency securities	219,997	197,200	—	417,197
Foreign government and agency securities	—	320,977	—	320,977
Short-term investments:				
Financial institution securities	—	75,000	—	75,000
Non-financial institution securities	—	86,593	—	86,593
Municipal bonds	—	33,606	—	33,606
U.S. government and agency securities	217,742	53,692	—	271,434
Foreign government and agency securities	—	28,995	—	28,995
Asset-backed securities	—	202,914	—	202,914
Mortgage-backed securities	—	654,898	—	654,898
Debt mutual funds	—	39,500	—	39,500
Bank loans	—	96,804	—	96,804
Long-term investments:				
Auction rate securities	—	—	10,325	10,325
Asset-backed securities	—	11,463		11,463
Municipal bonds	—	10,132	—	10,132
U.S. government and agency securities	—	6,758	—	6,758
Mortgage-backed securities	—	559,160	—	559,160
Debt mutual fund	—	56,175	—	56,175
Total assets measured at fair value	$740,281	$2,698,854	$10,325	$3,449,460
Liabilities				
Derivative financial instruments, net	$—	$6,453	$—	$6,453
Total liabilities measured at fair value	$—	$6,453	$—	$6,453
Net assets measured at fair value	$740,281	$2,692,401	$10,325	$3,443,007

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(In thousands)	March 29, 2014 Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets				
Cash equivalents:				
Money market funds	$213,988	$—	$—	$213,988
Financial institution securities	—	131,990	—	131,990
Non-financial institution securities	—	319,970	—	319,970
U.S. government and agency securities	69,998	—	—	69,998
Foreign government and agency securities	—	194,984	—	194,984
Short-term investments:				
Financial institution securities	—	234,916	—	234,916
Non-financial institution securities	—	226,828	—	226,828
Municipal Bonds	—	15,780	—	15,780
U.S. government and agency securities	349,023	89,422	—	438,445
Foreign government and agency securities	—	159,951	—	159,951
Mortgage-backed securities	—	387,508	—	387,508
Debt mutual fund	—	20,216	—	20,216
Long-term investments:				
Non-financial institution securities	—	209,274	—	209,274
Auction rate securities	—	—	20,160	20,160
Municipal bonds	—	15,986	—	15,986
U.S. government and agency securities	4,950	36,126	—	41,076
Mortgage-backed securities	—	847,581	—	847,581
Debt mutual fund	—	56,698	—	56,698
Derivative financial instruments, net	—	1,713	—	1,713
Total assets measured at fair value	$637,959	$2,948,943	$20,160	$3,607,062

Changes in Level 3 Instruments Measured at Fair Value on a Recurring Basis

The following table is a reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

(In thousands)	Three Months Ended December 27, 2014	Three Months Ended December 28, 2013	Nine Months Ended December 27, 2014	Nine Months Ended December 28, 2013
Balance as of beginning of period	$20,608	$22,229	$20,160	$27,610
Total realized and unrealized gains (losses):				
Included in interest and other expense, net	—	(221)	—	462
Included in other comprehensive income	717	870	1,165	1,456
Sales and settlements, net (1)	(11,000)	(3,650)	(11,000)	(10,300)
Balance as of end of period	$10,325	$19,228	$10,325	$19,228

(1) During the first nine months of fiscal 2015 and 2014, the Company redeemed $11.0 million and $10.3 million, respectively, of student loan auction rate securities for cash at par value.

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The amount of total gains (losses) included in net income attributable to the change in unrealized gains (losses) relating to assets and liabilities still held as of the end of the period are summarized as follows:

(In thousands)	Three Months Ended December 27, 2014	Three Months Ended December 28, 2013	Nine Months Ended December 27, 2014	Nine Months Ended December 28, 2013
Included in interest and other expense, net	$—	$(221)	$—	$462

As of December 27, 2014, marketable securities measured at fair value using Level 3 inputs were comprised of $10.3 million of student loan auction rate securities. There was no material change to the input assumptions of the pricing model for these student loan auction securities.

The 3.125% Junior Convertible Debentures due March 15, 2037 (2037 Convertible Notes), which were fully redeemed on March 12, 2014, included embedded features that qualify as an embedded derivative, and was separately accounted for as a discount on the 2037 Convertible Notes. Its fair value was established at the inception of the 2037 Convertible Notes. Prior to the redemption, each quarter, the change in the fair value of the embedded derivative, if any, was recorded in the consolidated statements of income. The Company used a derivative valuation model to derive the value of the embedded derivative. Key inputs into this valuation model were the Company's current stock price, risk-free interest rates, the stock dividend yield, the stock volatility and the 2037 Convertible Notes' credit spread over London Interbank Offered Rate. The first three inputs were based on observable market data and were considered Level 2 inputs while the last two inputs required management judgment and were Level 3 inputs.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

The Company's 2.625% Senior Convertible Debentures due June 15, 2017 (2017 Convertible Notes), 2.125% Notes due 2019 (2019 Notes) and 3.000% Notes due 2021 (2021 Notes) are measured at fair value on a quarterly basis for disclosure purposes. The fair values of the 2017 Convertible Notes, 2019 Notes and 2021 Notes as of December 27, 2014 were approximately $912.0 million, $494.9 million and $505.0 million, respectively, based on the last trading price of the respective debentures for the period (classified as Level 2 in fair value hierarchy due to relatively low trading volume).

Note 5. Financial Instruments

The following is a summary of cash equivalents and available-for-sale securities as of the end of the periods presented:

	December 27, 2014				March 29, 2014			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Money market funds	$302,542	$—	$—	$302,542	$213,988	$—	$—	$213,988
Financial institution securities	218,999	—	—	218,999	366,906	—	—	366,906
Non-financial institution securities	207,535	50	(4)	207,581	753,888	3,428	(1,244)	756,072
Auction rate securities	10,500	—	(175)	10,325	21,500	—	(1,340)	20,160
Municipal bonds	43,328	603	(193)	43,738	31,367	604	(205)	31,766

U.S. government and agency securities	695,442	81	(134)	695,389	548,568	1,135	(184)	549,519
Foreign government and agency securities	349,972	—	—	349,972	354,935	—	—	354,935
Mortgage-backed securities	1,208,162	12,214	(6,318)	1,214,058	1,234,237	11,380	(10,528)	1,235,089
Asset-backed securities	213,833	1,019	(475)	214,377	—	—	—	—
Debt mutual funds	101,350	—	(5,675)	95,675	81,350	216	(4,652)	76,914
Bank loans	98,203	80	(1,479)	96,804	—	—	—	—
	$3,449,866	$14,047	$(14,453)	$3,449,460	$3,606,739	$16,763	$(18,153)	$3,605,349

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The following tables show the fair values and gross unrealized losses of the Company’s investments, aggregated by investment category, for individual securities that have been in a continuous unrealized loss position for the length of time specified, as of December 27, 2014 and March 29, 2014:

	December 27, 2014					
	Less Than 12 Months		12 Months or Greater		Total	
(In thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Non-financial institution securities	$4,385	$(4)	$—	$—	$4,385	$(4)
Auction rate securities	—	—	10,325	(175)	10,325	(175)
Municipal bonds	8,814	(113)	2,968	(80)	11,782	(193)
U.S. government and agency securities	137,031	(134)	—	—	137,031	(134)
Mortgage-backed securities	362,105	(2,808)	181,355	(3,510)	543,460	(6,318)
Asset-backed securities	157,697	(475)	—	—	157,697	(475)
Debt mutual fund	39,500	(500)	56,175	(5,175)	95,675	(5,675)
Bank loans	84,886	(1,479)	—	—	84,886	(1,479)
	$794,418	$(5,513)	$250,823	$(8,940)	$1,045,241	$(14,453)

	March 29, 2014					
	Less Than 12 Months		12 Months or Greater		Total	
(In thousands)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Non-financial institution securities	$112,470	$(1,167)	$4,488	$(77)	$116,958	$(1,244)
Auction rate securities	—	—	20,160	(1,340)	20,160	(1,340)
Municipal bonds	5,917	(166)	1,743	(39)	7,660	(205)
U.S. government and agency securities	118,125	(184)	—	—	118,125	(184)
Mortgage-backed securities	457,903	(7,225)	132,376	(3,303)	590,279	(10,528)
Debt mutual fund	56,698	(4,652)	—	—	56,698	(4,652)
	$751,113	$(13,394)	$158,767	$(4,759)	$909,880	$(18,153)

As of December 27, 2014, the gross unrealized losses that had been outstanding for less than twelve months were primarily related to mortgage-backed securities and bank loans due to the general rising of the interest-rate environment. The gross unrealized losses that had been outstanding for more than twelve months were primarily related to debt mutual fund and mortgage-backed securities, which were primarily due to the general rising of the interest-rate environment and foreign currency movement.

The Company reviewed the investment portfolio and determined that the gross unrealized losses on these investments as of December 27, 2014 and March 29, 2014 were temporary in nature as evidenced by the fluctuations in the gross unrealized losses within the investment categories. These investments are highly rated by the credit rating agencies and there have been no defaults on any of these securities, and we have received interest payments as they become due. Additionally, in the past several years a portion of the Company's investment in the auction rate securities and the mortgage-backed securities were redeemed or prepaid by the debtors at par. Furthermore, the aggregate of individual unrealized losses that had been outstanding for twelve months or more was not significant as of December 27, 2014 and March 29, 2014. The Company neither intends to sell these investments nor concludes that it is more-likely-than-not that it will have to sell them until recovery of their carrying values. The Company also believes that it will be able to collect both principal and interest amounts due to the Company at maturity, given the high credit quality of these investments and any related underlying collateral.

The amortized cost and estimated fair value of marketable debt securities (financial institution securities, non-financial institution securities, auction rate securities, municipal bonds, U.S. and foreign government and agency securities, mortgage-backed securities,

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asset-backed securities and bank loans), by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations without call or prepayment penalties.

(In thousands)	December 27, 2014 Amortized Cost	Estimated Fair Value
Due in one year or less	$1,410,505	$1,410,527
Due after one year through five years	292,035	291,562
Due after five years through ten years	383,473	383,800
Due after ten years	959,961	965,354
	$3,045,974	$3,051,243

As of December 27, 2014, $1.1 billion of marketable debt securities with contractual maturities of greater than one year were classified as short-term investments. Additionally, the above table did not include investments in money market and mutual funds because these funds do not have specific contractual maturities.
Certain information related to available-for-sale securities is as follows:

(In thousands)	Three Months Ended December 27, 2014	December 28, 2013	Nine Months Ended December 27, 2014	December 28, 2013
Proceeds from sale of available-for-sale securities	$478,562	$97,519	$774,406	$296,679
Gross realized gains on sale of available-for-sale securities	$4,759	$401	7,838	1,768
Gross realized losses on sale of available-for-sale securities	(1,663)	(530)	(2,330)	(2,045)
Net realized gains (losses) on sale of available-for-sale securities	$3,096	$(129)	$5,508	$(277)
Amortization of premiums on available-for-sale securities	$5,913	$6,458	$18,559	$20,521

The cost of securities matured or sold is based on the specific identification method.

Note 6. Derivative Financial Instruments
The Company’s primary objective for holding derivative financial instruments is to manage foreign currency exchange rate risk and interest rate risk. As a result of the use of derivative financial instruments, the Company is exposed to the risk that counterparties to derivative contracts may fail to meet their contractual obligations. The Company manages counterparty credit risk in derivative contracts by reviewing counterparty creditworthiness on a regular basis, establishing collateral requirement and limiting exposure to any single counterparty. The right of set-off that exists with certain transactions enables the Company to net amounts due to and from the counterparty, reducing the maximum loss from credit risk in the event of counterparty default.
As of December 27, 2014 and March 29, 2014, the Company had the following outstanding forward currency exchange contracts (in notional amount), which were derivative financial instruments:

(In thousands and U.S. dollars)	December 27, 2014	March 29, 2014
Singapore Dollar	$53,462	$60,551
Euro	41,202	46,062
Indian Rupee	21,152	18,631
British Pound	13,287	12,056
Japanese Yen	7,805	9,273
	$136,908	$146,573

As part of the Company’s strategy to reduce volatility of operating expenses due to foreign exchange rate fluctuations, the Company employs a hedging program with a forward outlook of up to two years for major foreign-currency-denominated operating expenses. The outstanding forward currency exchange contracts expire at various dates through November 2016. The net unrealized losses,

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which approximate the fair market value of the outstanding forward currency exchange contracts, are expected to be realized into net income within the next two years.

As of December 27, 2014, all of the forward foreign currency exchange contracts were designated and qualified as cash flow hedges and the effective portion of the gain or loss on the forward contracts was reported as a component of other comprehensive income (loss) and reclassified into net income in the same period during which the hedged transaction affects earnings. The estimated amount of such gains or losses as of December 27, 2014 that is expected to be reclassified into earnings was not material. The ineffective portion of the gains or losses on the forward contracts was included in the net income for all periods presented.

The Company may enter into forward foreign currency exchange contracts to hedge firm commitments such as acquisitions and capital expenditures. Gains and losses on foreign currency forward contracts that are designated as hedges of anticipated transactions, for which a firm commitment has been attained and the hedged relationship has been effective, are deferred and included in income or expenses in the same period that the underlying transaction is settled. Gains and losses on any instruments not meeting the above criteria are recognized in income or expenses in the consolidated statements of income as they are incurred.

The Company had the following derivative instruments as of December 27, 2014 and March 29, 2014, located on the condensed consolidated balance sheet, utilized for risk management purposes detailed above:

	Foreign Exchange Contracts			
	Asset Derivatives		Liability Derivatives	
(In thousands)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
December 27, 2014	Prepaid expenses and other current assets	$176	Other accrued liabilities	$6,629
March 29, 2014	Prepaid expenses and other current assets	$2,648	Other accrued liabilities	$935

The Company does not offset or net the fair value amounts of derivative financial instruments in its condensed consolidated balance sheets. The potential effect of rights of set-off associated with the derivative financial instruments was not material to the Company's condensed consolidated balance sheet for all periods presented.

The following table summarizes the effect of derivative instruments on the condensed consolidated statements of income for the third quarter and the first nine months of fiscal 2015 and 2014:

	Three Months Ended		Nine Months Ended	
(In thousands)	December 27, 2014	December 28, 2013	December 27, 2014	December 28, 2013
Amount of gains (losses) recognized in other comprehensive income on derivative (effective portion of cash flow hedging)	$(2,110)	$(355)	$(6,189)	$1,585
Amount of (gains) losses reclassified from accumulated other comprehensive income into income (effective portion) *	$1,786	$(259)	$768	$1,836
Amount of gains (losses) recorded (ineffective portion) *	$(3)	$5	$(16)	$11

*Recorded in Interest and Other Expense location within the condensed consolidated statements of income.

Note 7. Stock-Based Compensation Plans

The Company’s equity incentive plans are broad-based, long-term retention programs that cover employees, consultants and non-employee directors of the Company. These plans are intended to attract and retain talented employees, consultants and non-employee directors and to provide such persons with a proprietary interest in the Company.

Stock-Based Compensation

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The following table summarizes stock-based compensation expense related to stock awards granted under the Company’s equity incentive plans and rights to acquire stock granted under the Company’s Employee Stock Purchase Plan (ESPP):

(In thousands)	Three Months Ended December 27, 2014	Three Months Ended December 28, 2013	Nine Months Ended December 27, 2014	Nine Months Ended December 28, 2013
Stock-based compensation included in:				
Cost of revenues	$2,339	$1,966	$6,408	$5,628
Research and development	14,909	11,912	40,245	33,474
Selling, general and administrative	11,806	10,461	33,247	29,251
	$29,054	$24,339	$79,900	$68,353

During the first nine months of fiscal 2015 and 2014, the tax benefits realized for the tax deduction from option exercises and other awards credited to additional paid-in capital were $12.3 million and $17.0 million, respectively. The fair values of stock options and stock purchase plan rights under the Company’s equity incentive plans and ESPP were estimated as of the grant date using the Black-Scholes option pricing model. The Company’s expected stock price volatility assumption for stock options is estimated using implied volatility of the Company’s traded options. The expected life of options granted is based on the historical exercise activity as well as the expected disposition of all options outstanding. The Company also considers the actual contractual term in determining the expected life of options granted. The Company's stock-based compensation expense relating to options during the first nine months of fiscal 2015 and 2014 was not material.

The estimated fair values of restricted stock unit (RSU) awards were calculated based on the market price of Xilinx common stock on the date of grant, reduced by the present value of dividends expected to be paid on Xilinx common stock prior to vesting. The per share weighted-average fair value of RSUs granted during the third quarter of fiscal 2015 was $40.76 ($42.37 for the third quarter of fiscal 2014), and for the first nine months of fiscal 2015 was $43.76 ($38.13 for the first nine months of fiscal 2014), which were calculated based on estimates at the date of grant using the following weighted-average assumptions:

	Three Months Ended December 27, 2014	Three Months Ended December 28, 2013	Nine Months Ended December 27, 2014	Nine Months Ended December 28, 2013
Risk-free interest rate	1.3 %	0.7 %	0.7 %	0.7 %
Dividend yield	2.7 %	2.2 %	2.4 %	2.5 %

Employee Stock Option Plans

A summary of the Company’s option plans activity and related information is as follows:

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(Shares in thousands)	Options Outstanding	
	Number of Shares	Weighted-Average Exercise Price Per Share
March 30, 2013	12,753	$28.01
Granted	8	$41.08
Exercised	(7,421)	$29.95
Forfeited/cancelled/expired	(60)	$35.61
March 29, 2014	5,280	$25.22
Granted	—	$—
Exercised	(1,417)	$26.03
Forfeited/cancelled/expired	(16)	$32.85
December 27, 2014	3,847	$24.89
Options exercisable at:		
December 27, 2014	3,750	$24.64
March 29, 2014	4,935	$24.87

The types of awards allowed under the 2007 Equity Incentive Plan (2007 Equity Plan) include incentive stock options, non-qualified stock options, RSUs, restricted stock and stock appreciation rights. To date, the Company has issued a mix of non-qualified stock options and RSUs under the 2007 Equity Plan. As of December 27, 2014, 15.6 million shares remained available for grant under the 2007 Equity Plan.

The total pre-tax intrinsic value of options exercised during the three and nine months ended December 27, 2014 was $11.7 million and $27.7 million, respectively. The total pre-tax intrinsic value of options exercised during the three and nine months ended December 28, 2013 was $5.5 million and $70.7 million, respectively.

This intrinsic value represents the difference between the exercise price and the fair market value of the Company's common stock on the date of exercise.

RSU Awards

A summary of the Company's RSU activity and related information is as follows:

(Shares in thousands)	RSUs Outstanding	
	Number of Shares	Weighted-Average Grant-Date Fair Value Per Share
March 30, 2013	5,996	$30.83
Granted	3,297	$38.90
Vested	(2,066)	$29.25
Cancelled	(326)	$32.28
March 29, 2014	6,901	$35.08
Granted	2,754	$43.76
Vested	(2,264)	$33.62
Cancelled	(292)	$36.45
December 27, 2014	7,099	$38.86

For the majority of restricted stock units granted, the number of shares of common stock issued on the date the RSU awards vest is net of the minimum statutory withholding requirements that we pay in cash to the appropriate taxing authorities on behalf of our employees. In the condensed consolidated statement of cash flows, these amounts have been included as a reduction in the cash proceeds from issuance of common stock under our various stock plans. During the first nine months of fiscal 2015 and 2014, we withheld $33.2 million and $16.8 million worth of RSU awards, respectively, to satisfy the employees' tax obligations.

Employee Stock Purchase Plan

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Under the ESPP, shares are only issued during the second and fourth quarters of each fiscal year. Employees purchased 446 thousand shares for $14.9 million during the second quarter of fiscal 2015 and 529 thousand shares for $14.6 million in the second quarter of fiscal 2014. The per-share weighted-average fair value of stock purchase rights granted under the ESPP during the second quarter of fiscal 2015 and 2014 was $14.12 and $11.24, respectively. The fair values of stock purchase plan rights granted in the second quarter of fiscal 2015 and 2014 were estimated at the date of grant using the following assumptions:

	2015		2014	
Expected life of options (years)	1.25		1.25	
Expected stock price volatility	0.25		0.23	
Risk-free interest rate	0.2	%	0.2	%
Dividend yield	2.8	%	2.1	%

The next scheduled purchase under the ESPP is in the fourth quarter of fiscal 2015. On August 13, 2014, the stockholders approved an amendment to increase the authorized number of shares reserved for issuance under the ESPP by 2.0 million shares. As of December 27, 2014, 11.3 million shares were available for future issuance.

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Note 8. Net Income Per Common Share

The computation of basic net income per common share for all periods presented is derived from the information on the condensed consolidated statements of income, and there are no reconciling items in the numerator used to compute diluted net income per common share. The following table summarizes the computation of basic and diluted net income per common share:

	Three Months Ended		Nine Months Ended	
(In thousands, except per share amounts)	December 27, 2014	December 28, 2013	December 27, 2014	December 28, 2013
Net income available to common stockholders	$168,466	$175,877	$513,593	$474,361
Weighted average common shares outstanding-basic	262,881	267,780	266,299	266,068
Dilutive effect of employee equity incentive plans	3,138	4,686	3,463	4,600
Dilutive effect of 2017 Convertible Notes and warrants	7,776	7,695	7,947	7,091
Dilutive effect of 2037 Convertible Notes	—	8,034	—	7,621
Weighted average common shares outstanding-diluted	273,795	288,195	277,709	285,380
Basic earnings per common share	$0.64	$0.66	$1.93	$1.78
Diluted earnings per common share	$0.62	$0.61	$1.85	$1.66

The total shares used in the denominator of the diluted net income per common share calculation includes potentially dilutive common equivalent shares outstanding that are not included in basic net income per common share by applying the treasury stock method to the impact of the equity incentive plans and to the incremental shares issuable assuming conversion of the Company's convertible debt and warrants (see "Note 10. Debt and Credit Facility" for more discussion of the Company's debt and warrants).

Outstanding stock options and RSUs under the Company's stock award plans to purchase approximately 139 thousand and 3.2 million shares, for the third quarter and the first nine months of fiscal 2015, respectively, were excluded from diluted net income per common share by applying the treasury stock method, as their inclusion would have been anti-dilutive. These options and RSUs could be dilutive in the future if the Company’s average share price increases and is greater than the combined exercise prices and the unamortized fair values of these options and RSUs.

To hedge against potential dilution upon conversion of the 2017 Convertible Notes, the Company also purchased call options on its common stock from the hedge counter-parties. The call options give the Company the right to purchase up to 20.2 million shares of its common stock at $29.64 per share. These call options are not considered for purposes of calculating the total shares outstanding under the basic and diluted net income per share, as their effect would be anti-dilutive. Upon exercise, the call options would serve to neutralize the dilutive effect of the 2017 Convertible Notes and potentially reduce the weighted number of diluted shares used in per share calculations.

Note 9. Inventories

Inventories are stated at the lower of actual cost (determined using the first-in, first-out method), or market (estimated net realizable value) and are comprised of the following:

(In thousands)	December 27, 2014	March 29, 2014
Raw materials	$14,094	$15,306
Work-in-process	198,270	192,067
Finished goods	34,300	26,626
	$246,664	$233,999

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Note 10. Debt and Credit Facility

2017 Convertible Notes

As of December 27, 2014, the Company had $600.0 million principal amount of 2017 Convertible Notes outstanding. The 2017 Convertible Notes are senior in right of payment to the Company's existing and future unsecured indebtedness that is expressly subordinated in right of payment to the 2017 Convertible Notes, and are ranked equally with all of our other existing and future unsecured senior indebtedness, including the 2019 and 2021 Notes discussed below. The Company may not redeem the 2017 Convertible Notes prior to maturity.

The 2017 Convertible Notes are convertible, subject to certain conditions, into shares of Xilinx common stock at a conversion rate of 33.7391 shares of common stock per $1 thousand principal amount of the 2017 Convertible Notes, representing an effective conversion price of approximately $29.64 per share of common stock. The conversion rate is subject to adjustment for certain events as outlined in the indenture governing the 2017 Convertible Notes, but will not be adjusted for accrued interest. One of the conditions allowing holders of the 2017 Convertible Notes to convert during any fiscal quarter is if the last reported sale price of the Company's common stock for at least 20 trading days during a 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 conversion price on each applicable trading day. This condition was met as of December 27, 2014 and as a result, the 2017 Convertible Notes were convertible at the option of the holders. As of December 27, 2014, the 2017 Convertible Notes were classified as a current liability on the Company's condensed consolidated balance sheet. Additionally, a portion of the equity component attributable to the conversion feature of the 2017 Convertible Notes was classified in temporary stockholders' equity. The amount classified as temporary equity was equal to the difference between the principal amount and carrying value of the 2017 Convertible Notes. Upon conversion, the Company would pay the holders of the 2017 Convertible Notes cash up to the aggregate principal amount of the 2017 Convertible Notes. If the conversion value exceeds the principal amount, the Company would deliver shares of its common stock in respect to the remainder of its conversion obligation in excess of the aggregate principal amount (conversion spread). Accordingly, there is no adjustment to the numerator in the net income per common share computation for the cash settled portion of the 2017 Convertible Notes, as that portion of the debt liability will always be settled in cash. The conversion spread is included in the denominator for the computation of diluted net income per common share, using the treasury stock method.

The carrying values of the liability and equity components of the 2017 Convertible Notes are reflected in the Company's condensed consolidated balance sheets as follows:

(In thousands)	December 27, 2014	March 29, 2014
Liability component:		
Principal amount of the 2017 Convertible Notes	$600,000	$600,000
Unamortized discount of liability component	(37,565)	(49,223)
Hedge accounting adjustment – sale of interest rate swap	10,855	14,224
Net carrying value of the 2017 Convertible Notes	$573,290	$565,001
Equity component (including temporary equity) – net carrying value	$66,415	$66,415

The remaining unamortized debt discount, net of the hedge accounting adjustment from the previous sale of the interest rate swap, is being amortized as additional non-cash interest expense over the expected remaining term of the 2017 Convertible Notes. As of December 27, 2014, the remaining term of the 2017 Convertible Notes is 2.5 years. As of December 27, 2014, the if-converted the value of the 2017 Convertible Notes was $903.3 million.

Interest expense related to the 2017 Convertible Notes was included in interest and other expense, net on the condensed consolidated statements of income as follows:

	Three Months Ended		Nine Months Ended	
(In thousands)	December 27, 2014	December 28, 2013	December 27, 2014	December 28, 2013
Contractual coupon interest	$3,938	$3,938	$11,813	$11,813

Amortization of debt issuance costs	362	362	1,086	1,086
Amortization of debt discount, net	2,763	2,763	8,289	8,289
Total interest expense related to the 2017 Convertible Notes	$7,063	$7,063	$21,188	$21,188

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To hedge against potential dilution upon conversion of the 2017 Convertible Notes, the Company purchased call options on its common stock from the hedge counter parties. The call options give the Company the right to purchase up to 20.2 million shares of its common stock at $29.64 per share. The call options will terminate upon the earlier of the maturity of the 2017 Convertible Notes or the last day any of the 2017 Convertible Notes remain outstanding. To reduce the hedging cost, under separate transactions the Company sold warrants to the hedge counter parties, which give the hedge counter parties the right to purchase up to 20.2 million shares of the Company's common stock at $41.99 per share. These warrants expire on a gradual basis over a specified period starting on September 13, 2017.

2019 and 2021 Notes

On March 12, 2014, the Company issued $500.0 million principal amount of 2019 Notes and $500.0 million principal amount of 2021 Notes with maturity dates of March 15, 2019 and March 15, 2021 respectively. The 2019 and 2021 Notes were offered to the public at a discounted price of 99.477% and 99.281% of par, respectively. Interest on the 2019 and 2021 Notes is payable semiannually on March 15 and September 15.

The Company received net proceeds of $990.1 million from issuance of the 2019 and 2021 Notes, after the debt discounts and deduction of debt issuance costs. The debt discounts and issuance costs are amortized to interest expense over the terms of the 2019 and 2021 Notes.

The following table summarizes the carrying value of the 2019 and 2021 Notes as of December 27, 2014 and March 29, 2014:

(In thousands)	December 27, 2014	March 29, 2014
Principal amount of the 2019 Notes	$500,000	$500,000
Unamortized discount of the 2019 Notes	(2,199)	(2,574)
Principal amount of the 2021 Notes	500,000	500,000
Unamortized discount of the 2021 Notes	(3,206)	(3,556)
Total carrying value	$994,595	$993,870

Interest expense related to the 2019 and 2021 Notes was included in interest and other expense, net on the condensed consolidated statements of income as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	December 27, 2014	December 28, 2013	December 27, 2014	December 28, 2013
Contractual coupon interest	$6,406	$—	$19,219	$—
Amortization of debt issuance costs	146	—	436	—
Amortization of debt discount, net	244	—	725	—
Total interest expense related to the 2019 and 2021 Notes	$6,796	$—	$20,380	$—

Revolving Credit Facility

On December 7, 2011, the Company entered into a $250.0 million senior unsecured revolving credit facility with a syndicate of banks (expiring in December 2016). Borrowings under the credit facility will bear interest at a benchmark rate plus an applicable margin based upon the Company's credit rating. In connection with the credit facility, the Company is required to maintain certain financial and nonfinancial covenants. As of December 27, 2014, the Company had made no borrowings under this credit facility and was not in violation of any of the covenants.

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Note 11. Common Stock Repurchase Program

The Board of Directors has approved stock repurchase programs enabling the Company to repurchase its common stock in the open market or through negotiated transactions with independent financial institutions. In August 2012, the Board authorized the repurchase of up to $750.0 million of the Company’s common stock and debentures (2012 Repurchase Program). In November 2014, the Board authorized the repurchase of an additional $800.0 million of the Company's common stock (2014 Repurchase Program). The shares authorized for purchase under the 2014 Repurchase Program are in addition to the shares authorized for purchase under the 2012 Repurchase Program. The 2012 and 2014 Repurchase Programs have no stated expiration date.

Through December 27, 2014, the Company has used $727.6 million of the $750.0 million authorized under the 2012 Repurchase Program, and none of the $800.0 million authorized under the 2014 Repurchase Program, leaving $822.4 million available for future repurchases under the 2014 and 2012 Repurchase Program. The Company’s current policy is to retire all repurchased shares, and consequently, no treasury shares were held as of December 27, 2014 and March 29, 2014.

During the first nine months of fiscal 2015, the Company repurchased 11.0 million shares of common stock in the open market for a total of $475.0 million under the 2012 Repurchase Program. During the first nine months of fiscal 2014, the Company repurchased 3.7 million shares of common stock in the open market for a total of $167.1 million.

Note 12. Interest and Other Expense, Net

The components of interest and other expense, net are as follows:

(In thousands)	Three Months Ended December 27, 2014	Three Months Ended December 28, 2013	Nine Months Ended December 27, 2014	Nine Months Ended December 28, 2013
Interest income	$11,375	$9,545	$28,268	$20,511
Interest expense	(13,859)	(14,050)	(41,567)	(40,955)
Other expense, net	(1,523)	(302)	(2,661)	(5,290)
	$(4,007)	$(4,807)	$(15,960)	$(25,734)

Note 13. Accumulated Other Comprehensive Loss

Comprehensive loss is defined as the change in equity of a company during a period from transactions and other events and circumstances from non-owner sources. The components of accumulated other comprehensive loss are as follows:

(In thousands)	December 27, 2014	March 29, 2014
Accumulated unrealized losses on available-for-sale securities, net of tax	$(254)	$(889)
Accumulated unrealized gains (losses) on hedging transactions, net of tax	(5,391)	798
Accumulated cumulative translation adjustment, net of tax	(2,339)	(457)
Accumulated other comprehensive loss	$(7,984)	$(548)

The related tax effects of other comprehensive loss were not material for all periods presented.

Note 14. Income Taxes

The Company recorded tax provisions of $17.5 million and $67.0 million for the third quarter and the first nine months of fiscal 2015, respectively, representing effective tax rates of 9% and 12%, respectively. The Company recorded tax provisions of $22.1 million and $59.3 million for the third quarter and the first nine months of fiscal 2014, respectively, representing effective tax rates of 11% for both periods.

The difference between the U.S. federal statutory tax rate of 35% and the Company’s effective tax rate in all periods is primarily due to income earned in lower tax rate jurisdictions, for which no U.S. income tax has been provided, as the

Company intends to permanently reinvest these earnings outside of the U.S.

The Company’s total gross unrecognized tax benefits as of December 27, 2014, determined in accordance with FASB authoritative guidance for measuring uncertain tax positions, increased by $797 thousand in the third quarter of fiscal 2015 to $27.2 million.

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The total amount of unrecognized tax benefits that, if realized in a future period, would favorably affect the effective tax rate was $11.7 million as of December 27, 2014. It is reasonably possible that changes to our unrecognized tax benefits could be significant in the next twelve months due to tax audit settlements and lapses of statutes of limitation. As a result of uncertainties regarding tax audit settlements and their possible outcomes, an estimate of the range of increase or decrease that could occur in the next twelve months cannot be made.

The Company’s policy is to include interest and penalties related to income tax liabilities within the provision for income taxes on the condensed consolidated statements of income. The balance of accrued interest and penalties recorded in the condensed consolidated balance sheets and the amounts of interest and penalties included in the Company's provision for income taxes were not material for all periods presented.

The Company is no longer subject to U.S. federal audits by taxing authorities for years through fiscal 2011. The Company is no longer subject to U.S. state audits for years through fiscal 2009. The Company is no longer subject to tax audits in Ireland for years through fiscal 2009.

Note 15. Commitments

Xilinx leases some of its facilities and office buildings under non-cancelable operating leases that expire at various dates through October 2021. Additionally, Xilinx entered into a land lease in conjunction with the Company’s building in Singapore, which will expire in November 2035 and the lease cost was settled in an up-front payment in June 2006. Some of the operating leases for facilities and office buildings require payment of operating costs, including property taxes, repairs, maintenance and insurance. Most of the Company’s leases contain renewal options for varying terms. Approximate future minimum lease payments under non-cancelable operating leases are as follows:

Fiscal	(In thousands)
2015 (remaining three months)	$ 1,589
2016	5,162
2017	2,476
2018	2,241
2019	1,806
Thereafter	3,576
Total	$ 16,850

Aggregate future rental income to be received, which includes rents from both owned and leased property, totaled $2.9 million as of December 27, 2014. Rent expense, net of rental income, under all operating leases was $792 thousand and $2.4 million for the three and nine months ended December 27, 2014, respectively. Rent expense, net of rental income, under all operating leases was $735 thousand and $2.2 million for the three and nine months ended December 28, 2013, respectively. Rental income was not material for the third quarter and the first nine months of fiscal 2015 and 2014.

Other commitments as of December 27, 2014 totaled $97.6 million and consisted of purchases of inventory and other non-cancelable purchase obligations related to subcontractors that manufacture silicon wafers and provide assembly and test services. The Company expects to receive and pay for these materials and services in the next three to six months, as the products meet delivery and quality specifications. As of December 27, 2014, the Company also had $40.1 million of non-cancelable license obligations to providers of electronic design automation software and hardware/software maintenance expiring at various dates through June 2017.

Note 16. Product Warranty and Indemnification

The Company generally sells products with a limited warranty for product quality. The Company provides an accrual for known product issues if a loss is probable and can be reasonably estimated. As of the end of the third quarter of fiscal 2015 and the end of fiscal 2014, the accrual balance of the product warranty liability was immaterial.

The Company offers, subject to certain terms and conditions, to indemnify customers and distributors for costs and damages awarded against these parties in the event the Company’s hardware products are found to infringe third-party intellectual property rights, including patents, copyrights or trademarks, and to compensate certain customers for limited specified costs they actually incur in the event our hardware products experience epidemic failure. To a lesser extent, the Company may from time-to-time offer limited indemnification with respect to its software products. The terms and conditions of these indemnity obligations are limited by contract, which obligations are typically perpetual from the effective date of the agreement. The Company has historically received only a limited number of requests for indemnification under these provisions and has not made any significant payments

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pursuant to these provisions. The Company cannot estimate the maximum amount of potential future payments, if any, that the Company may be required to make as a result of these obligations due to the limited history of indemnification claims and the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision. However, there can be no assurances that the Company will not incur any financial liabilities in the future as a result of these obligations.

Note 17. Contingencies

Patent Litigation

On July 17, 2014, a patent infringement lawsuit was filed by PLL Technologies, Inc. (PTI) against the Company in the U.S. District Court for the District of Delaware (PLL Technologies, Inc. v. Xilinx, Inc., Case No. 1:14-CV-00945). The lawsuit pertains to one patent and PTI seeks unspecified damages, interest and costs. The Company is unable to estimate its range of possible loss, if any, in this matter at this time.

On November 7, 2014, the Company filed a complaint for declaratory judgment against Papst Licensing GmbH & Co., KG (Papst)in the U.S. District Court for the Northern District of California (Xilinx, Inc. v. Papst Licensing GmbH & Co., KG, Case No. 3:14-CV-04963) (the California Action). On the same date, a patent infringement lawsuit was filed by Papst against the Company in the U.S. District Court for the District of Delaware (Papst Licensing GmbH & Co., KG v. Xilinx, Inc., Case No. 1:14-CV-01376) (the Delaware Action). Both the California Action and the Delaware Action pertain to the same two patents. In the California Action, the Company seeks judgments of non-infringement of the patents by the Company and judgments that the patents are invalid and unenforceable, as well as costs. In the Delaware Action, Papst seeks unspecified damages, interest and costs. The Company is unable to estimate its range of possible loss, if any, in this matter at this time.

On January 31, 2014, Evan Levine and Keith McClellan filed an action on behalf of the United States in the United States District Court for the Eastern District of Kentucky (United States of America, ex. rel. Evan Levine and Keith McClellan v. Avnet Inc., et. al., Case No. 14-cv-00017). The matter alleges violations of the False Claims Act, 31 U.S.C. Section 3729 et seq. and was filed under seal pursuant to 31 U.S.C. Section 3730(b)(2). The lawsuit seeks to recover, on behalf of the United States, $11 thousand for each unspecified, allegedly false and fraudulent claim, plus treble damages. The government investigated the allegations in the complaint and on September 12, 2014, filed a Notice of Election to Decline Intervention. On September 22, 2014, the Court unsealed the complaint and ordered it to be served on the defendants. On November 21, 2014, the government moved to dismiss the complaint with prejudice. That same day, Mr. McClellan filed a notice of dismissal, leaving Mr. Levine as the only remaining relator. The Company was served with the complaint on December 11, 2014. Plaintiffs and the Company have agreed to a stipulation extending the Company's time to respond to the complaint up to and including February 2, 2015. Based on currently available information, the Company does not believe the resolution of this matter will have a material adverse effect on its business, financial position or future results of operations.

Other Matters

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

From time to time, the Company is involved in various disputes and litigation matters that arise in the ordinary course of its business. These include disputes and lawsuits related to intellectual property, mergers and acquisitions, licensing, contract law, tax, regulatory, distribution arrangements, employee relations and other matters. Periodically, the Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and a range of possible losses can be estimated, the Company accrues a liability for the estimated loss. Legal proceedings are subject to uncertainties, and the outcomes are difficult to predict. Because of such uncertainties, accruals are based only on the best information available at the time. As additional information becomes available, the Company continues to reassess the potential liability related to pending claims and litigation and may revise estimates.

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Note 18. Goodwill and Acquisition-Related Intangibles

As of December 27, 2014 and March 29, 2014, the gross and net amounts of goodwill and of acquisition-related intangibles for all acquisitions were as follows:

(In thousands)	December 27, 2014	March 29, 2014	Weighted-Average Amortization Life
Goodwill	$159,296	$159,296	
Core technology, gross	91,860	91,860	5.7 years
Less accumulated amortization	(70,301)	(63,267)	
Core technology, net	21,559	28,593	
Other intangibles, gross	46,716	46,716	2.7 years
Less accumulated amortization	(46,575)	(46,442)	
Other intangibles, net	141	274	
Total acquisition-related intangibles, gross	138,576	138,576	
Less accumulated amortization	(116,876)	(109,709)	
Total acquisition-related intangibles, net	$21,700	$28,867	

Amortization expense for acquisition-related intangibles for the three and nine months ended December 27, 2014 was $2.4 million and $7.2 million, respectively. Based on the carrying value of acquisition-related intangibles recorded as of December 27, 2014, and assuming no subsequent impairment of the underlying assets, the annual amortization expense for acquisition-related intangibles is expected to be as follows:

Fiscal	(In thousands)
2015 (remaining three months)	$2,371
2016	8,935
2017	7,131
2018	2,660
2019	603
Total	$21,700

Note 19. Subsequent Events

On January 20, 2015, the Company’s Board of Directors declared a cash dividend of $0.29 per common share for the fourth quarter of fiscal 2015. The dividend is payable on February 25, 2015 to stockholders of record on February 4, 2015.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The statements in this Management's Discussion and Analysis that are forward-looking, within the meaning of the Private Securities Litigation Reform Act of 1995, involve numerous risks and uncertainties and are based on current expectations. The reader should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including those risks discussed under "Risk Factors" and elsewhere in this document. Often, forward-looking statements can be identified by the use of forward-looking words, such as "may," "will," "could," "should," "expect," "believe," "anticipate," "estimate," "continue," "plan," "intend," "project" and other similar terminology, or the negative of such terms. We disclaim any responsibility to update or revise any forward-looking statement provided in this Management's Discussion and Analysis for any reason.

Critical Accounting Policies and Estimates

The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our condensed consolidated financial statements. The SEC has defined critical accounting policies as those that are most important to the portrayal of our financial condition and results of operations and require us to make our most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, our critical accounting policies include: valuation of marketable securities, which impacts losses on debt and equity securities when we record impairments; revenue recognition, which impacts the recording of revenues; and valuation of inventories, which impacts cost of revenues and gross margin. Our critical accounting policies also include: the assessment of impairment of long-lived assets, which impacts their valuation; the assessment of the recoverability of goodwill, which impacts goodwill impairment; accounting for income taxes, which impacts the provision or benefit recognized for income taxes, as well as the valuation of deferred tax assets recorded on our condensed consolidated balance sheet; and valuation and recognition of stock-based compensation, which impacts gross margin, research and development (R&D) expenses, and selling, general and administrative (SG&A) expenses. For more discussion please refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Form 10-K for the year ended March 29, 2014 filed with the SEC. We also have other key accounting policies that are not as subjective, and therefore, their application would not require us to make estimates or judgments that are as difficult, but which nevertheless could significantly affect our financial reporting.

Results of Operations: Third quarter and first nine months of fiscal 2015 compared to the third quarter and first nine months of fiscal 2014

The following table sets forth statement of income data as a percentage of net revenues for the periods indicated:

	Three Months Ended		Nine Months Ended	
	December 27, 2014	December 28, 2013	December 27, 2014	December 28, 2013
Net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenues	30.3	30.8	29.7	30.8
Gross margin	69.7	69.2	70.3	69.2
Operating expenses:				
Research and development	22.5	21.8	21.7	20.7
Selling, general and administrative	14.8	15.7	15.2	15.9
Amortization of acquisition-related intangibles	0.4	0.4	0.4	0.4
Litigation and contingencies	—	(3.3)	—	0.5
Total operating expenses	37.7	34.6	37.3	37.5
Operating income	32.0	34.6	33.0	31.7
Interest and other expense, net	0.7	0.8	0.9	1.5

Income before income taxes	31.3	33.8	32.1	30.2
Provision for income taxes	2.9	3.8	3.7	3.3
Net income	28.4 %	30.0 %	28.4 %	26.9 %

Net Revenues

We sell our products to global manufacturers of electronic products in end markets such as wired and wireless communications, aerospace and defense, industrial, scientific and medical and audio, video and broadcast. The vast majority of our net revenues

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are generated by sales of our semiconductor products, but we also generate sales from support products. We classify our product offerings into four categories: New, Mainstream, Base and Support Products. The composition of each product category is as follows:

- New Products include our most recent product offerings and include the Kintex® UltraScale™, Virtex® UltraScale, Virtex-7, Kintex-7, Artix®-7, Zynq®-7000, Virtex-6 and Spartan®-6 product families.
- Mainstream Products include the Virtex-5, Spartan-3 and CoolRunner™-II product families.
- Base Products consist of our older product families including the Virtex-4, Virtex-II, Virtex-E, Virtex, Spartan-II, Spartan, CoolRunner and XC9500 products.
- Support Products include configuration solutions, HardWire, software and support/services.

These product categories, except for Support Products, are modified on a periodic basis to better reflect the maturity of the products and advances in technology. The most recent modification was made on April 1, 2012, which was the beginning of our fiscal 2013. New Products include our most recent product offerings and are typically designed into our customers' latest generation of electronic systems. Mainstream Products are generally several years old and designed into customer programs that are currently shipping in full production. Base Products are older than Mainstream Products with demand generated generally by the customers' oldest systems still in production. Support Products are generally products or services sold in conjunction with our semiconductor devices to aid customers in the design process.

Net revenues of $593.5 million in the third quarter of fiscal 2015 represented a 1% increase from the comparable prior year period of $586.8 million. The increase was driven primarily by applications in the Aerospace and Defense and Automotive, particularly in North America region. Net revenues from New Products also increased significantly in the third quarter of fiscal 2015 versus the comparable prior year period, but were partially offset by declines from our older products. No end customer accounted for more than 10% of our net revenues for the first nine months of fiscal 2015.

For the first nine months of fiscal 2015, approximately 53% of our net revenues were from products sold to distributors for subsequent resale to original equipment manufacturers (OEMs) or their subcontract manufacturers. As of December 27, 2014, we had $69.6 million of deferred revenue and $18.1 million of deferred cost of revenues recognized as a net $51.5 million of deferred income on shipments to distributors. As of March 29, 2014, we had $75.2 million of deferred revenue and $20.1 million of deferred cost of revenues recognized as a net $55.1 million of deferred income on shipments to distributors. The deferred income on shipments to distributors that will ultimately be recognized in our condensed consolidated statement of income will be different than the amount shown on the condensed consolidated balance sheet due to actual price adjustments issued to the distributors when the product is sold to their end customers.

Net Revenues by Product

Net revenues by product categories for the third quarter and the first nine months of fiscal 2015 and 2014 were as follows:

(In millions)	Three Months Ended December 27, 2014	% Change	December 28, 2013	Nine Months Ended December 27, 2014	% Change	December 28, 2013
New Products	$255.8	14	$224.3	$790.6	29	$613.1
Mainstream Products	171.7	(10)	191.4	563.7	(7)	603.4
Base Products	146.7	(3)	151.6	397.5	(18)	486.6
Support Products	19.3	(1)	19.5	58.6	(5)	61.6
Total net revenues	$593.5	1	$586.8	$1,810.4	3	$1,764.7

Net revenues from New Products increased significantly in both the third quarter and the first nine months of fiscal 2015 compared to the comparable prior year periods. The increases were a result of sales growth from our 28nm product family. We expect sales of New Products to continue to grow as more customer programs enter into volume production with our 28nm products.

Net revenues from Mainstream Products decreased in both the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The decreases were largely due to the decline in sales of our Virtex-5 product family.

Net revenues from Base Products decreased in both the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The decreases were due to a broad-based decline across most product families. Base Products are mature products and their sales are expected to decline over time.

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Net revenues from Support Products decreased in both the third quarter and the first nine months of fiscal 2015 compared to the comparable prior year periods. The decreases were primarily due to a decline in sales from our PROM products.

Net Revenues by End Markets

Our end market revenue data is derived from our understanding of our end customers' primary markets. Net revenues by end markets are classified into the following four categories: Communications & Data Center; Industrial, Aerospace & Defense; Broadcast, Consumer & Automotive; and Other. The percentage change calculation in the table below represents the year-to-year dollar change in each end market.
Net revenues by end markets for the third quarter and the first nine months of fiscal 2015 and 2014 were as follows:

(% of total net revenues)	Three Months Ended December 27, 2014	% Change in Dollars	December 28, 2013	Nine Months Ended December 27, 2014	% Change in Dollars	December 28, 2013
Communications & Data Center	41 %	(7)	44 %	44 %	3	44 %
Industrial, Aerospace & Defense	43	18	37	38	5	37
Broadcast, Consumer & Automotive	14	(9)	16	15	(4)	16
Other	2	(39)	3	3	(6)	3
Total net revenues	100 %	1	100 %	100 %	3	100 %

Net revenues from Communications & Data Center decreased in the third quarter of fiscal 2015 from the comparable prior year period. The decrease was primarily due to lower sales from wireless communications. For the nine months ended December 27, 2014, net revenues from Communications & Data Center increased in terms of absolute dollar compared to the prior year period. The increase was due primarily to increased sales from wireless communications.
Net revenues from Industrial, Aerospace & Defense increased in the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The increases were primarily due to higher sales from certain key programs within Industrial and Aerospace & Defense.
Net revenues from Broadcast, Consumer & Automotive decreased in both the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The decreases were mainly due to lower sales from consumer applications.
Net revenues from Other decreased (in terms of absolute dollars) in both the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The decreases were primarily due to higher sales from high-performance computing applications.
Net Revenues by Geography
Geographic revenue information reflects the geographic location of the distributors, OEMs or contract manufacturers who purchased our products. This may differ from the geographic location of the end customers. Net revenues by geography for the third quarter and the first nine months of fiscal 2015 and 2014 were as follows:

(In millions)	Three Months Ended December 27, 2014	% Change	December 28, 2013	Nine Months Ended December 27, 2014	% Change	December 28, 2013
North America	$201.0	18	$170.4	$554.1	3	$540.2
Asia Pacific	231.7	(2)	237.1	718.4	7	673.5
Europe	104.0	(16)	123.8	360.6	(8)	392.3
Japan	56.8	2	55.5	177.4	12	158.7

Total net revenues	$593.5	1	$586.8	$1,810.5	3	$1,764.7

Net revenues in North America increased in both the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The increases were primarily due to higher sales from certain key programs within Industrial and Aerospace & Defense, which was partially offset by lower sales to Communications & Data Center.

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Net revenues in Asia Pacific decreased in the third quarter of fiscal 2015 from the comparable prior year period. The decrease was primarily due to a decrease in sales to Broadcast, Consumer & Automotive, particularly consumer applications. For the first nine months of fiscal 2015, net revenues in Asia Pacific increased as compared to the prior year period. The increase was primarily due to higher sales to Communications & Data Center, including China Long-Term Evolution (LTE).

Net revenues in Europe decreased in both the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The decreases were primarily due to weaker sales to Communications & Data Center as well as Industrial, Aerospace & Defense.

Net revenues in Japan increased in both the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The increases were primarily driven by higher sales to Industrial, Aerospace & Defense and Broadcast, Consumer & Automotive.

Gross Margin

	Three Months Ended						Nine Months Ended					
(In millions)	December 27, 2014		Change		December 28, 2013		December 27, 2014		Change		December 28, 2013	
Gross margin	$413.9		2	%	$406.0		$1,272.0		4	%	$1,221.4	
Percentage of net revenues	69.7	%			69.2	%	70.3	%			69.2	%

Gross margin was slightly higher by 0.5 percentage point in the third quarter of fiscal 2015, and by 1.1 percentage points in the first nine months of fiscal 2015, from the comparable prior year periods. The improvements in gross margin were driven primarily by our product and customer mix reflecting the timing of key programs in Industrial, Aerospace & Defense and continuing cost reduction efforts across our product portfolio.

Gross margin may be affected in the future due to multiple factors, including but not limited to those set forth in Item 1A. "Risk Factors," included in Part II of this Form 10-Q, shifts in the mix of customers and products, competitive-pricing pressure, manufacturing-yield issues and wafer pricing. We expect to mitigate any adverse impacts from these factors by continuing to improve yields on our New Products, improve manufacturing efficiencies, and improve average selling price management. New Products generally have lower gross margins than Mainstream and Base Products as they are in the early stages of their product life cycle and have higher unit costs associated with relatively lower volumes and early manufacturing maturity.

In order to compete effectively, we pass manufacturing cost reductions to our customers in the form of reduced prices to the extent that we can maintain acceptable margins. Price erosion is common in the semiconductor industry, as advances in both product architecture and manufacturing process technology permit continual reductions in unit cost. We have historically been able to offset much of this revenue decline in our mature products with increased revenues from newer products.

Research and Development

	Three Months Ended						Nine Months Ended					
(In millions)	December 27, 2014		Change		December 28, 2013		December 27, 2014		Change		December 28, 2013	
Research and development	$133.5		4	%	$128.1		$393.8		8	%	$364.6	
Percentage of net revenues	23	%			22	%	22	%			21	%

R&D spending increased $5.4 million, or 4%, for the third quarter of fiscal 2015 from the comparable prior year period. For the first nine months of fiscal 2015, R&D spending increased $29.2 million, or 8%, from the comparable prior year period. The increases were primarily attributable to higher employee compensation (including stock-based compensation) and mask and wafer expenses related to our next generation product development.

We plan to continue to selectively invest in R&D efforts in areas such as new products and more advanced process development, IP cores and the development of new design and layout software. We may also consider acquisitions to complement our strategy for technology leadership and engineering resources in critical areas.

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Selling, General and Administrative

(In millions)	Three Months Ended December 27, 2014	Change	December 28, 2013	Nine Months Ended December 27, 2014	Change	December 28, 2013
Selling, general and administrative	$88.1	(4)%	$91.8	$274.5	(2)%	$280.5
Percentage of net revenues	15%		16%	15%		16%

SG&A expenses were lower during the third quarter and the first nine months of fiscal 2015 as compared to the comparable prior year periods. We incurred lower variable spending and legal expenses during these periods.

Amortization of Acquisition-Related Intangibles

(In millions)	Three Months Ended December 27, 2014	Change	December 28, 2013	Nine Months Ended December 27, 2014	Change	December 28, 2013
Amortization of acquisition-related intangibles	$2.4	(8)%	$2.6	$7.2	(3)%	$7.4
Percentage of net revenues	—%		—%	—%		—%

Amortization expense for both the third quarter and the first nine months of fiscal 2015 decreased slightly from the comparable prior year periods as certain existing intangibles were fully amortized by fiscal 2015.

Litigation and Contingencies

On December 19, 2013, we entered into a Settlement and License Agreement with PACT. Under the settlement, the parties agreed to dismiss with prejudice all outstanding patent litigation between us, Avnet and PACT and we agreed to pay PACT a lump sum of $33.5 million. In addition, we received a license to all patents owned or controlled by PACT. On December 23, 2013, the trial court dismissed the suit and on December 27, 2013, the court of appeals dismissed the appeal.

We previously recorded charges of $15.4 million in the fourth quarter of fiscal 2012 and $28.6 million in the second quarter of fiscal 2014, for a total accrual of $44.0 million. Due to the settlement on December 19, 2013, in the third quarter of fiscal 2014 the Company reversed the initial $44.0 million accrual, and recorded $24.8 million of the $33.5 million settlement as a current period charge to the condensed consolidated statements of income. The remainder of the settlement will be amortized in subsequent periods.

Stock-Based Compensation

(In millions)	Three Months Ended December 27, 2014	Change	December 28, 2013	Nine Months Ended December 27, 2014	Change	December 28, 2013
Stock-based compensation included in:						
Cost of revenues	$2.3	19%	$2.0	$6.5	16%	$5.6
Research and development	14.9	25%	11.9	40.2	20%	33.5
Selling, general and administrative	11.8	12%	10.5	33.2	13%	29.3
	$29.0	19%	$24.4	$79.9	17%	$68.4

The increases in stock-based compensation expense for the third quarter and the first nine months of fiscal 2015 as compared to the prior year periods were primarily related to higher expenses associated with RSUs, as we granted more RSUs at a higher fair value in the recent years. The higher expense from RSUs was partially offset by lower expense related to stock option grants as we did not grant stock options in the current fiscal year.

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Interest and Other Expense, Net

(In millions)	Three Months Ended December 27, 2014	Change	December 28, 2013	Nine Months Ended December 27, 2014	Change	December 28, 2013
Interest and other expense, net	$4.0	(17)%	$4.8	$16.0	(38)%	$25.7
Percentage of net revenues	1%		1%	1%		1%

Our net interest and other expense decreased in both the third quarter and the first nine months of fiscal 2015 from the comparable prior year periods. The decreases were primarily due to higher interest income from the investment portfolio.

Provision for Income Taxes

(In millions)	Three Months Ended December 27, 2014	Change	December 28, 2013	Nine Months Ended December 27, 2014	Change	December 28, 2013
Provision for income taxes	$17.5	(20)%	$22.1	$67.0	13%	$59.3
Percentage of net revenues	3%		4%	4%		3%
Effective tax rate	9%		11%	12%		11%

The difference between the U.S. federal statutory tax rate of 35% and our effective tax rate in all periods was primarily due to income earned in lower tax rate jurisdictions, for which no U.S. income tax has been provided, as we intend to permanently reinvest these earnings outside of the U.S.

The decrease in the effective tax rate in the third quarter of fiscal 2015 as compared to the prior year period was primarily due to the reinstatement of the U.S. federal research tax credit on December 19, 2014 and the release of a valuation allowance against a deferred tax asset for foreign net operating losses. The decrease was partially offset by a difference in the amounts of reserve released for uncertain tax positions in the two periods. In each period, there were lapses of statutes of limitation and the amount of reserve released for fiscal 2015 was smaller than the amount for fiscal 2014. The increase in the effective tax rate for the first nine months of fiscal 2015 from the comparable prior year period was primarily attributable to the difference in the amounts of reserve released for uncertain tax positions in the two periods.

Financial Condition, Liquidity and Capital Resources

We have historically used a combination of cash flows from operations and equity as well as debt financing to support ongoing business activities, acquire or invest in critical or complementary technologies, purchase facilities and capital equipment, repurchase our common stock and debentures under our repurchase program, pay dividends and finance working capital. Additionally, our investments in debt securities are liquid and available for future business needs.

The combination of cash, cash equivalents and short-term and long-term investments as of December 27, 2014 and March 29, 2014 totaled $3.57 billion and $3.65 billion, respectively. As of December 27, 2014, we had cash, cash equivalents and short-term investments of $2.92 billion and working capital of $2.60 billion. As of March 29, 2014, cash, cash equivalents and short-term investments were $2.46 billion and working capital was $2.08 billion.

As of December 27, 2014, we had $2.64 billion of cash, cash equivalents and short-term investments held by our non-U.S. jurisdictions. From a financial statement perspective, approximately $836.7 million of the $2.64 billion held by our non-U.S. jurisdictions was available for use in the U.S. without incurring additional U.S. income taxes in excess of the amounts already accrued in our financial statements as of December 27, 2014. The remaining amount of non-U.S. cash, cash equivalents and short-term investments was permanently reinvested and, therefore, no U.S. current or deferred taxes was accrued on this amount, which is intended for investment in our operations outside the

U.S. We believe our U.S. sources of cash and liquidity are sufficient to meet our business needs in the U.S. and do not expect that we will need to repatriate the funds we have designated as permanently reinvested outside the U.S. Under current tax laws, should our plans change and we were to choose to repatriate some or all of the funds we have designated as permanently reinvested outside the U.S., such amounts would be subject to U.S. income taxes and applicable non-U.S. income and withholding taxes.

Operating Activities —During the first nine months of fiscal 2015, our operations generated net positive cash flow of $624.7 million, which was $9.2 million higher than the $615.5 million generated during the first nine months of fiscal 2014. The positive cash flow from operations generated during the first nine months of fiscal 2015 was primarily from net income as adjusted for non-cash related items, decrease in accounts receivable and an increase in income tax payable. These items were partially offset by decreases in accounts payables as well as increases in inventories, prepaid expenses and other assets. Accounts receivable decreased by $80.3 million and days sales outstanding decreased to 28 days at December 27, 2014 from 41 days at March 29, 2014 due to the timing of shipments. Our inventory levels as of December 27, 2014 were $12.7 million higher at $246.7 million compared to $234.0 million at March 29, 2014. Combined inventory days at Xilinx and distribution increased to 134 days at December 27, 2014 from 125 days at March 29, 2014. During the past few quarters, our inventory levels were relatively higher than historical trends due to the build ahead of our 28nm products in anticipation of ramping sales and the build ahead of a number of legacy parts in response to the previously planned closure of a particular foundry process line. We expect to ship the vast majority of these parts over the next one to two years.

Investing Activities —Net cash provided by investing activities was $503.2 million during the first nine months of fiscal 2015, as compared to net cash used in investing activities of $397.4 million in the first nine months of fiscal 2014. Net cash provided by investing activities during the first nine months of fiscal 2015 consisted of $534.3 million of net sales of available-for-sale securities, which was partially offset by $23.7 million for purchases of property, plant and equipment and $7.4 million of other investing activities.

Financing Activities —Net cash used in financing activities was $670.6 million in the first nine months of fiscal 2015, as compared to $209.8 million in the first nine months of fiscal 2014. Net cash used in financing activities during the first nine months of fiscal 2015 consisted of $476.0 million of cash payment to repurchase common stocks and $230.6 million dividend payments to stockholders, which was partially offset by $16.7 million for the excess of the tax benefit from stock-based compensation and $19.3 million of net proceeds from issuance of common stock under employee stock plans.

Contractual Obligations

We lease some of our facilities, office buildings and land under non-cancelable operating leases that expire at various dates through October 2021. See "Note 15. Commitments" to our condensed consolidated financial statements, included in Part I. "Financial Information," for a schedule of our operating lease commitments as of December 27, 2014 and additional information about operating leases.

Due to the nature of our business, we depend entirely upon subcontractors to manufacture our silicon wafers and provide assembly and some test services. The lengthy subcontractor lead times require us to order the materials and services in advance, and we are obligated to pay for the materials and services when completed. As of December 27, 2014, we had $97.6 million of outstanding inventory and other non-cancelable purchase obligations to subcontractors. We expect to receive and pay for these materials and services in the next three to six months, as the products meet delivery and quality specifications. As of December 27, 2014, we also had $40.1 million of non-cancelable license obligations to providers of electronic design automation software and hardware/software maintenance expiring at various dates through June 2017.

As of December 27, 2014, we had $600.0 million of 2017 Convertible Notes outstanding. The 2017 Convertible Notes require payment of interest semiannually on June 15 and December 15 of each year. As of December 27, 2014, the 2017 Convertible Notes are convertible at the option of the holders. We also had $500.0 million of 2019 Notes and $500.0 million of 2021 Notes outstanding as of December 27, 2014. The 2019 Notes and 2021 Notes require payment of interest semiannually on March 15 and September 15. See "Note. 10 Debt and Credit Facility" to our condensed consolidated financial statements, included in Part 1. "Financial Information," for additional information about our debentures.

As of December 27, 2014, $12.7 million of liabilities for uncertain tax positions and related interest and penalties were classified as long-term income taxes payable in the condensed consolidated balance sheet. Due to the inherent uncertainty with respect to the timing of future cash outflows associated with such liabilities, we are unable to reliably estimate the timing of cash settlement with the respective taxing authorities.

Off-Balance-Sheet Arrangements

As of December 27, 2014, we did not have any significant off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

Liquidity and Capital Resources

Cash generated from operations is used as our primary source of liquidity and capital resources. Our investment portfolio is also available for future cash requirements as is our $250.0 million revolving credit facility entered into in December 2011 (expiring in December 2016). We are not aware of any lack of access to the revolving credit facility; however, we can provide no assurance that access to the credit facility will not be impacted by adverse conditions in the financial markets. Our credit facility is not reliant upon a single bank. There have been no borrowings to date under our existing revolving credit facility.

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During the first nine months of fiscal 2015, we repurchased 11.0 million shares of common stock in the open market for a total of $475.0 million. During the first nine months of fiscal 2014, we repurchased 3.7 million shares of common stock in the open market for a total of $167.1 million. During the first nine months of fiscal 2015, we paid $230.6 million in cash dividends to stockholders, representing $0.87 per common share. During the first nine months of fiscal 2014, we paid $200.3 million in cash dividends to stockholders, representing $0.75 per common share. On January 20, 2015, our Board of Directors declared a cash dividend of $0.29 per common share for the fourth quarter of fiscal 2015. The dividend is payable on February 25, 2015 to stockholders of record on February 4, 2015. Our common stock and debentures repurchase program and dividend policy could be impacted by, among other items, our views on potential future capital requirements relating to R&D, investments and acquisitions, legal risks, principal and interest payments on our debentures and other strategic investments.

We anticipate that existing sources of liquidity and cash flows from operations will be sufficient to satisfy our cash needs for the foreseeable future. We will continue to evaluate opportunities for investments to obtain additional wafer capacity, to procure additional capital equipment and facilities, to develop new products, and to potentially acquire technologies or businesses that could complement our business. However, the risk factors discussed in Item 1A included in Part II. "Risk Factors" and below could affect our cash positions adversely.

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to interest rate risk relates primarily to our investment portfolio, which consists of fixed income securities with a fair value of approximately $3.15 billion as of December 27, 2014. Our primary aim with our investment portfolio is to invest available cash while preserving principal and meeting liquidity needs. Our investment portfolio includes municipal bonds, mortgage-backed securities, financial institution securities, non-financial institution securities, student loan auction rate securities, U.S. and foreign government and agency securities, asset-backed securities, bank loans and debt mutual funds. In accordance with our investment policy, we place investments with high credit quality issuers and limit the amount of credit exposure to any one issuer based upon the issuer’s credit rating. These securities are subject to interest rate risk and will decrease in value if market interest rates increase. A hypothetical 100 basis-point (one percentage point) increase or decrease in interest rates compared to rates at December 27, 2014 would have affected the fair value of our investment portfolio by less than $41.0 million.

Credit Market Risk

The global credit markets may experience adverse conditions that negatively impact the values of various types of investment and non-investment grade securities. The global credit and capital markets may experience significant volatility and disruption due to instability in the global financial system, uncertainty related to global economic conditions and concerns regarding sovereign financial stability. Therefore, there is a risk that we may incur other-than-temporary impairment charges for certain types of investments should credit market conditions deteriorate. See "Note 5. Financial Instruments" to our condensed consolidated financial statements, included in Part 1. "Financial Information."

Foreign Currency Exchange Risk

Sales to all direct OEMs and distributors are denominated in U.S. dollars.

Gains and losses on foreign currency forward contracts that are designated as hedges of anticipated transactions, for which a firm commitment has been attained and the hedged relationship has been effective, are deferred and included in income or expenses in the same period that the underlying transaction is settled. Gains and losses on any instruments not meeting the above criteria are recognized in income or expenses in the condensed consolidated statements of income as they are incurred.

We enter into forward currency exchange contracts to hedge our overseas operating expenses and other liabilities when deemed appropriate. As of December 27, 2014 and March 29, 2014, we had the following outstanding forward currency exchange contracts (in notional amount):

(In thousands and U.S. dollars)	December 27, 2014	March 29, 2014
Singapore Dollar	$53,462	$60,551
Euro	41,202	46,062
Indian Rupee	21,152	18,631
British Pound	13,287	12,056
Japanese Yen	7,805	9,273
	$136,908	$146,573

As part of our strategy to reduce volatility of operating expenses due to foreign exchange rate fluctuations, we employ a hedging program with forward outlook of up to two years for major foreign-currency-denominated operating expenses. The outstanding forward currency exchange contracts expire at various dates through November 2016. The net unrealized losses, which approximate the fair market value of the forward currency exchange contracts, are expected to be realized into net income within the next two years.

Our investments in several of our wholly-owned subsidiaries are recorded in currencies other than the U.S. dollar. As the financial statements of these subsidiaries are translated at each quarter end during consolidation, fluctuations of exchange rates between the foreign currency and the U.S. dollar increase or decrease the value of those investments.

These fluctuations are recorded within stockholders' equity as a component of accumulated other comprehensive income (loss). Other monetary foreign-denominated assets and liabilities are revalued on a monthly basis with gains and losses on revaluation reflected in net income. A hypothetical 10% favorable or unfavorable change in foreign currency exchange rates at December 27, 2014 would have affected the annualized foreign-currency-denominated operating expenses of our foreign subsidiaries by less than $11.0 million. In addition, a hypothetical 10% favorable or unfavorable change in foreign currency exchange rates compared to rates at December 27, 2014 would have affected the value of foreign-currency-denominated cash and investments by less than $6.0 million.

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Item 4. Controls and Procedures

We maintain a system of disclosure controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the U.S. Securities Exchange Act of 1934, as amended (Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. These controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures designed to provide reasonable assurance that: transactions are properly authorized; assets are safeguarded against unauthorized or improper use; and transactions are properly recorded and reported, to permit the preparation of our financial statements in conformity with generally accepted accounting principles.

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with its policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. We continuously evaluate our internal controls and make changes to improve them as necessary. Our intent is to maintain our disclosure controls as dynamic systems that change as conditions warrant.

An evaluation was carried out, under the supervision of and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a–15(e) and 15d–15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, our CEO and CFO have concluded that, as of the end of the period covered by this Form 10-Q, our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended December 27, 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION
Item 1. Legal Proceedings

For information regarding our legal proceedings, see "Note 17. Contingencies" to our condensed consolidated financial statements, included in Item 1. "Financial Statements", which is incorporated herein by reference.

Item 1A. Risk Factors
The following risk factors and other information included in this Quarterly Report on Form 10-Q should be carefully considered. The risks and uncertainties described below are not the only risks to the Company. Additional risks and uncertainties not presently known to the Company or that the Company’s management currently deems immaterial also may impair its 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.
Except for an added tax-related risk factor, there have been no material changes to our risk factors from those previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 29, 2014.

Our success depends on our ability to develop and introduce new products and failure to do so would have a material adverse impact on our financial condition and results of operations.
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 and 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 on circuit geometries of 28nm and smaller;
- achieving acceptable yields;
- ability to obtain adequate production capacity from our wafer foundries and assembly and test subcontractors;
- ability to obtain advanced packaging;
- availability of supporting software design tools;
- utilization of predefined IP logic;
- customer acceptance of advanced features in our new products; and
- market acceptance of our customers’ products.

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.

We rely on independent foundries for the manufacture of all of our products and a manufacturing problem or insufficient foundry capacity could adversely affect our operations.

Most of our wafers are manufactured in Taiwan by United Microelectronics Corporation (UMC) and by Taiwan Semiconductor Manufacturing Company Limited (TSMC) for our newest products. In addition, we also have wafers manufactured in South Korea by Samsung Electronics Co., Ltd. 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 that do not provide for long-term supply or allocation commitments. We are dependent on these foundries to supply the substantial majority of our wafers. We rely on UMC, TSMC and our other foundries to produce wafers with competitive performance attributes. Therefore, the foundries, particularly TSMC who manufactures our newest products, must be able to transition to advanced manufacturing process technologies and increased wafer sizes, produce wafers at acceptable yields and deliver them in a timely manner. Furthermore, we cannot guarantee that the foundries that supply our wafers will offer us competitive pricing terms or other commercial terms important to our business.

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We cannot guarantee that our foundries will not experience manufacturing problems, including delays in the realization of advanced manufacturing process technologies or difficulties due to limitations of new and existing process technologies. Furthermore, we cannot guarantee the foundries will be able to manufacture sufficient quantities of our products or that they will continue to manufacture a product for the full life of the product. In addition, weak economic conditions may adversely impact the financial health and viability of the foundries and result in their insolvency or their inability to meet their commitments to us. For example, we may experience supply shortages due to the difficulties foundries may encounter if they must rapidly increase their production capacities from low utilization levels to high utilization levels because of an unexpected increase in demand. We may also experience supply shortages due to very strong demand for our products and a surge in demand for semiconductors in general, which may lead to tightening of foundry capacity across the industry. The insolvency of a foundry or any significant manufacturing problem or insufficient foundry capacity would disrupt our operations and negatively impact our financial condition and results of operations.

General economic conditions and any related deterioration in the global business environment could have a material adverse effect on our business, operating results and financial condition.

During the past five years, global consumer confidence eroded amidst concerns over declining asset values, inflation, volatility in energy costs, geopolitical issues, the availability and cost of credit, rising unemployment, and the stability and solvency of financial institutions, financial markets, businesses and sovereign nations, among other concerns. These concerns slowed global economic growth and resulted in recessions in numerous countries, including many of those in North America, Europe and Asia. The financial condition of certain sovereign nations, particularly in Europe, is of continuing concern as the sovereign debt crisis remains unresolved. These weak economic conditions resulted in reduced customer demand and had a negative impact on our results of operations for the second and third quarter of fiscal 2012 and the third quarter of fiscal 2013. If weak economic conditions return, there may be a number of negative effects on our business, including customers or potential customers reducing or delaying orders, the insolvency of key suppliers, potentially causing production delays, the inability of customers to obtain credit, and the insolvency of one or more customers. Any of these effects could impact our ability to effectively manage inventory levels and collect receivables and ultimately decrease our net revenues and profitability.

The semiconductor industry is characterized by cyclical market patterns and a significant industry downturn could adversely affect our operating results.

The semiconductor industry is highly cyclical and our financial performance has been affected by downturns in the industry. Down cycles are generally characterized by price erosion and weaker demand for our products. Weaker demand for our products resulting from economic conditions in the end markets we serve and reduced capital spending by our customers can result, and in the past has resulted, in excess and obsolete inventories and corresponding inventory write-downs. We attempt to identify changes in market conditions as soon as possible; however, the dynamics of the market in which we operate make prediction of and timely reaction to such events difficult. Due to these and other factors, our past results are not reliable predictors of our future results.

The nature of our business makes our revenues difficult to predict which could have an adverse impact on our business.

In addition to the challenging market conditions we may face, we have limited visibility into the demand for our products, particularly new products, because demand for our products depends upon our products being designed into our end customers’ products and those products achieving market acceptance. Due to the complexity of our customers’ designs, the design to volume production process for our customers requires a substantial amount of time, frequently longer than a year. In addition to this, other factors may affect our end customers’ demand for our products, including, but not limited to, end customer program delays and the ability of end customers to secure other complimentary products. We also are dependent upon "turns," orders received and turned for shipment in the same quarter. These factors make it difficult for us to forecast future sales and project quarterly revenues. The difficulty in forecasting future sales impairs our ability to project our inventory requirements, which could result, and in the past has resulted, in inventory write-downs or failure to meet customer product demands in a timely manner. In addition, difficulty in forecasting revenues compromises our ability to provide forward-looking revenue and earnings guidance.

If we are not able to compete successfully in our industry, our financial results and future prospects will be adversely affected.

Our Programmable Logic Devices (PLD) compete in the logic integrated circuits (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, Lattice and Microsemi, and from new market entrants. In addition, competition from the application specific integrated circuits (ASIC) market and from the application specific standard products (ASSP) market continues. We believe that important competitive factors in the logic IC industry include:

- product pricing;
- time-to-market;
- product performance, reliability, quality, power consumption and density;
- field upgradeability;
- adaptability of products to specific applications;

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- ease of use and functionality of software design tools;
- availability and functionality of predefined IP logic;
- inventory and supply chain management;
- access to leading-edge process technology and assembly capacity;
- ability to provide timely customer service and support; and
- access to advanced packaging technology.

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. However, we may not be successful in executing this strategy. In addition, we anticipate continued pressure from our customers to reduce prices, which may outpace our ability to lower the cost for established products.

Other competitors include manufacturers of:

- high-density programmable logic products characterized by field programmable gate array (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 complex programmable logic devices;
- high-performance digital signal processing devices;
- products with embedded processors;
- products with embedded multi-gigabit transceivers; and
- other new or emerging programmable logic products.

Several companies have introduced products that compete with ours or have announced their intention to sell PLD products. 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 this 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 this segment.

We could also face competition from our licensees. In the past we have granted limited rights to other companies with respect to certain aspects of our older technology, and we may do so in the future. Granting such rights may enable these companies to manufacture and market products that may be competitive with some of our older products.

Increased costs of wafers and materials, or shortages in wafers and materials, could adversely impact our gross margins and lead to reduced revenues.

If greater demand for wafers is not offset by an increase in foundry capacity, market demand for wafers or production and assembly materials increases, or if a supplier of our wafers or other materials ceases or suspends operations, our supply of wafers and other materials could become limited. Such shortages raise the likelihood of potential wafer price increases, wafer shortages or shortages in materials at production and test facilities, resulting in potential inability to address customer product demands in a timely manner. For example, when certain suppliers were forced to temporarily halt production as the result of a natural disaster, this resulted in a tightening of supply for those materials. Such shortages of wafers and materials as well as increases in wafer or materials prices could adversely affect our gross margins and would adversely affect our ability to meet customer demands and lead to reduced revenue.

We depend on distributors, primarily Avnet, to generate a majority of our sales and complete order fulfillment.

Resale of product through Avnet accounted for 42% of our worldwide net revenues in the first nine months fiscal 2015 and as of December 27, 2014, Avnet accounted for 66% of our total net accounts receivable. Any adverse change to our relationship with Avnet or our remaining distributors could have a material impact on our business. Furthermore, if a key distributor materially defaults on a contract or otherwise fails to perform, our business and financial results would suffer. In addition, we are subject to concentrations of credit risk in our trade accounts receivable, which includes accounts of our distributors. A significant reduction of effort by a distributor to sell our

products or a material change in our relationship with one or more distributors may reduce our access to certain end customers and adversely affect our ability to sell our products.
In addition, the financial health of our distributors and our continuing relationships with them are important to our success. Unpredictable economic conditions may adversely impact the financial health of some of these distributors, particularly our smaller distributors. This could result in the insolvency of certain distributors, the inability of distributors to obtain credit to finance the purchase of our products, or cause distributors to delay payment of their obligations to us and increase our credit risk exposure.

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Our business could be harmed if the financial health of these distributors impairs their performance and we are unable to secure alternate distributors.

We are dependent on independent subcontractors for most of our assembly and test services, and unavailability or disruption of these services could negatively impact our financial condition and results of operations.

We are dependent on subcontractors to provide semiconductor assembly, substrate, test and shipment services. Any prolonged inability to obtain wafers with competitive performance and cost attributes, adequate yields or timely delivery, any disruption in assembly, test or shipment services, delays in stabilizing manufacturing processes and ramping up volume for new products, transitions to new service providers 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 demands. In addition, unpredictable economic conditions may adversely impact the financial health and viability of these subcontractors and result in their insolvency or their inability to meet their commitments to us. These factors would result in reduced net revenues and could negatively impact our financial condition and results of operations.

A number of factors, including our inventory strategy, can impact our gross margins.

A number of factors, including yield, wafer pricing, product mix, market acceptance of our new products, competitive pricing dynamics, geographic and/or market segment pricing strategies can cause our gross margins to fluctuate. In addition, forecasting our gross margins is difficult because a significant portion of our business is based on turns within the same quarter.

Our current inventory levels are higher than historical norms due to our decision to build ahead of a previously planned closure of a particular foundry process line at one of our foundry partners, weaker than anticipated sales and a planned increase in safety stock across newer technologies in anticipation of future revenue growth. In the event demand does not materialize, we may be subject to incremental obsolescence costs. In addition, future product cost reductions could have an increased impact on our inventory valuation, which would then impact our operating results.

Reductions in the average selling prices of our products could have a negative impact on our gross margins.

The average selling prices of our products generally decline as the products mature. We seek to offset the decrease in selling prices through yield improvement, manufacturing cost reductions and increased unit sales. We also continue to develop higher value products or product features that increase, or slow the decline of, the average selling price of our products. However, there is no guarantee that our ongoing efforts will be successful or that they will keep pace with the decline in selling prices of our products, which could ultimately lead to a decline in revenues and have a negative effect on our gross margins.

Because of our international business and operations, we are vulnerable to the economic conditions of the countries in which we operate and currency fluctuations could have a material adverse effect on our business and negatively impact our financial condition and results of operations.

In addition to our U.S. operations, we also have significant international operations, including foreign sales offices to support our international customers and distributors, our regional headquarters in Ireland and Singapore and an R&D site in India. Our international operations have grown because we have established certain operations and administrative functions outside the U.S. 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 or by changes in foreign currency exchange rates affecting those countries. We derive over one-half of our revenues from international sales, primarily in the Asia Pacific region, Europe and Japan. Past economic weaknesses in these markets adversely affected revenues. Sales to all direct OEMs and distributors are denominated in U.S. dollars. While the recent movements of the Euro and Yen exchange rates against the U.S. dollar had no material impact to our business, increased volatility could impact our European and Japanese customers. Currency instability and volatility and disruptions in the credit and capital markets 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. In addition, any devaluation of the U.S. dollar relative to other foreign currencies may increase the operating expenses of our foreign subsidiaries adversely affecting our results of operations. Furthermore, because we are increasingly dependent on the global economy, instability in worldwide economic environments occasioned, for example, directly or indirectly by political instability, terrorist activity, U.S. or other military actions, and international sanctions or other diplomatic actions (potentially including sanctions adopted or under consideration by the U.S. or European Union with respect to Russia or Russian individuals or businesses), could adversely impact economic activity and lead to a contraction of capital spending by our customers generally or in specific regions. Any or all of these factors could adversely affect our financial condition and results of operations in the future.

We are subject to the risks associated with conducting business operations outside of the U.S. which could adversely affect our business.

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In addition to international sales and support operations and development activities, we purchase our wafers from foreign foundries, have our commercial products assembled, packaged and tested by subcontractors located outside the U.S. and utilize third party warehouse operators to store and manage inventory levels for certain of our products. All of these activities are subject to the uncertainties associated with international business operations, including global laws and regulations, trade barriers, economic sanctions, tax regulations, import and export regulations, duties and tariffs and other trade restrictions, changes in trade policies, anti-corruption laws, foreign governmental regulations, potential vulnerability of and reduced protection for IP, longer receivable collection periods and disruptions or delays in production or shipments, any of which could have a material adverse effect on our business, financial condition and/or operating results. Additional factors that could adversely affect us due to our international operations include rising oil prices and increased costs of natural resources. 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, warehouses, end customers and contract manufacturers who provide assembly and test services worldwide, are located. Adverse change to the circumstances or conditions of our international business operations could have a material adverse effect on our business.

We are exposed to fluctuations in interest rates and changes in credit rating and in the market values of our portfolio investments which could have a material adverse impact on our financial condition and results of operations.

Our cash, short-term and long-term investments represent significant assets that may be subject to fluctuating or even negative returns depending upon interest rate movements, changes in credit rating and financial market conditions. Global credit market disruptions and economic slowdown and uncertainty have in the past negatively impacted the values of various types of investment and non-investment grade securities. The global credit and capital markets may again experience significant volatility and disruption due to instability in the global financial system, uncertainty related to global economic conditions and concerns regarding sovereign financial stability.

Therefore, there is a risk that we may incur other-than-temporary impairment charges for certain types of investments should credit market conditions deteriorate or the underlying assets fail to perform as anticipated. Our future investment income may fall short of expectations due to changes in interest rates or if the decline in fair values of our debt securities is judged to be other than temporary. Furthermore, we may suffer losses in principal if we are forced to sell securities that have declined in market value due to changes in interest rates or financial market conditions.

Our failure to protect and defend our IP could impair our ability to compete effectively.

We rely upon patent, copyright, trade secret, mask work and trademark laws to protect our IP. We cannot provide assurance that such IP rights can be successfully asserted in the future or will not be invalidated, violated, circumvented or challenged. From time to time, third parties, including our competitors, have asserted against us patent, copyright and other IP rights to technologies that are important to us. Third parties may attempt to misappropriate our IP through electronic or other means or assert infringement claims against our indemnities or us in the future. Such assertions by third parties may result in costly litigation, indemnity claims or other legal actions, and we may not prevail in such matters or be able to license any valid and infringed patents from third parties on commercially reasonable terms. This could result in the loss of our ability to import and sell our products or require us to pay costly royalties to third parties in connection with sales of our products. Any infringement claim, indemnification claim, or impairment or loss of use of our IP could materially adversely affect our financial condition and results of operations.

Our ability to design and introduce new products in a timely manner is dependent upon third-party IP.

In the design and development of new products and product enhancements, we rely on third-party intellectual property such as software development tools and hardware testing tools. Furthermore, certain product features may rely on intellectual property acquired from third parties. The design requirements necessary to meet future consumer demands for more features and greater functionality from semiconductor products may exceed the capabilities of the third-party intellectual property or development tools that are available to us. If the third-party intellectual property that we use becomes unavailable or fails to produce designs that meet consumer demands, our business could be adversely affected.

We rely on information technology systems, and failure of these systems to function properly or unauthorized access to our systems could result in business disruption.

We rely in part on various information technology (IT) systems to manage our operations, including financial reporting, and we regularly evaluate these systems and make changes to improve them as necessary. Consequently, we periodically implement new, or upgrade or enhance existing, operational and IT systems, procedures and controls. For example, in the third quarter of fiscal 2012 we upgraded the IT systems we use to manage our operations and record and report financial information, and in the past we simplified our supply chain and were required to make certain changes to our IT systems. Any delay in the implementation of, or disruption in the transition to, new or enhanced systems, procedures or controls, could harm our ability to record and report financial and management information on a timely and accurate basis. These systems are also subject to power and telecommunication outages or other general system failures. Failure of our IT systems or difficulties in managing them could result in business disruption. We also may be subject to unauthorized access to our IT systems through a security breach or attack.

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In the past there have been attempts by third parties to penetrate and/or infect our network and systems with malicious software, in an effort to gain access to our network and systems. We seek to detect and investigate any security incidents and prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. Our business could be significantly harmed and we could be subject to third party claims in the event of such a security breach.

Earthquakes and other natural disasters could disrupt our operations and have a material adverse effect on our financial condition and results of operations.

The independent foundries, upon which we rely to manufacture our products, as well as our California and Singapore facilities, are located in regions that are subject to earthquakes and other natural disasters. UMC’s and TSMC's foundries in Taiwan and our assembly and test partners in other regions as well as many of our operations in California are centered in areas that have been seismically active in the recent past and some areas have been affected by other natural disasters such as typhoons. Any catastrophic event in these locations will disrupt our operations, including our manufacturing activities and our insurance may not cover losses resulting from such disruptions of our operations. This type of disruption could result in our inability to manufacture or ship products, thereby materially adversely affecting our financial condition and results of operations. For example, as a result of the March 2011 earthquake in Japan, production at the Seiko foundry at Sakata was halted temporarily, impacting production of some of our older devices. In addition, suppliers of wafers and substrates were forced to halt production temporarily. Disruption of operations at these foundries for any reason, including other natural disasters such as typhoons, tsunamis, volcano eruptions, 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. Furthermore, natural disasters can also indirectly impact us. For example, our customers’ supply of other complimentary products may be disrupted by a natural disaster and may cause them to delay orders of our products.

If we are unable to maintain effective internal controls, our stock price could be adversely affected.

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 and could cause investors to lose confidence and our stock price to drop.

We compete with others to attract and retain key personnel, and any loss of, or inability to attract, such personnel would harm us.

We depend on the efforts and abilities of certain key members of management and other technical personnel. Our future success depends, in part, upon our ability to retain such personnel and attract and retain other highly qualified personnel, particularly product engineers. Competition for such personnel is intense and we may not be successful in hiring or retaining new or existing qualified personnel. From time to time we have effected restructurings which eliminate a number of positions. Even if such personnel are not directly affected by the restructuring effort, such terminations can have a negative impact on morale and our ability to attract and hire new qualified personnel in the future. If we lose existing qualified personnel or are unable to hire new qualified personnel, as needed, our business, financial condition and results of operations could be seriously harmed.

Unfavorable results of legal proceedings could adversely affect our financial condition and operating results.

From time to time we are subject to various legal proceedings and claims that arise out of the ordinary conduct of our business. The amount of damages alleged in certain legal claims may be significant. For example, in December 2013, we entered into a Settlement and License Agreement with PACT in which the parties agreed to dismiss with prejudice all outstanding patent litigation among us, Avnet and PACT. As part of the settlement, we agreed to pay PACT a lump sum of $33.5 million. Certain other claims involving the Company are not yet resolved, including those that are discussed under Item 1. "Legal Proceedings," included in Part II of this Form 10-Q, and additional claims may arise in the future. Results of legal proceedings cannot be predicted with certainty. Regardless of its merit, litigation may be both time-consuming and disruptive to our operations and cause significant expense and diversion of management attention and we may enter into material settlements to avoid these risks. Should we fail to prevail in certain matters, or should several of these matters be resolved against us in the same reporting period, we may be faced with significant monetary damages or injunctive relief against us that would materially and adversely affect a portion of our business and might materially and adversely affect our financial condition and operating results.

Our products could have defects which could result in reduced revenues and claims against us.

We develop complex and evolving products that include both hardware and software. Despite our testing efforts and those of our subcontractors, defects may be found in existing or new products. These defects may cause us to incur significant warranty, support and repair or replacement costs, divert the attention of our engineering personnel from our product development efforts and harm our relationships with customers. Subject to certain terms and conditions, we have agreed to compensate certain customers for limited specified costs they actually incur in the event our hardware products experience epidemic failure. As a result, epidemic failure and other performance problems could result in claims against us, the delay or loss of market acceptance of our products and would likely harm our business. Our customers could also seek damages from us for their losses.

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In addition, we could be subject to product liability claims. A product liability claim brought against us, even if unsuccessful, would likely be time-consuming and costly to defend. Product liability risks are particularly significant with respect to aerospace, automotive and medical applications because of the risk of serious harm to users of these products. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our technical and management personnel, and harm our business.

In preparing our financial statements, we make good faith estimates and judgments that may change or turn out to be erroneous.

In preparing our financial statements in conformity with accounting principles generally accepted in the U.S., we must make estimates and judgments in applying our most critical accounting policies. Those estimates and judgments have a significant impact on the results we report in our condensed consolidated financial statements. The most difficult estimates and subjective judgments that we make concern valuation of marketable and non-marketable securities, revenue recognition, inventories, long-lived assets including acquisition-related intangibles, goodwill, taxes and stock-based compensation. We base our estimates on historical experience, input from outside experts and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We also have other key accounting policies that are not as subjective, and therefore, their application would not require us to make estimates or judgments that are as difficult, but which nevertheless could significantly affect our financial reporting. Actual results may differ materially from these estimates. If these estimates or their related assumptions change, our operating results for the periods in which we revise our estimates or assumptions could be adversely and perhaps materially affected.

Our failure to comply with the requirements of the Export Administration Regulations and the International Traffic and Arms Regulations could have a material adverse effect on our financial condition and results of operations.

Xilinx FPGAs and related technologies are subject to Export Administration Regulations (EAR), which are administered by the U.S. Department of Commerce. In addition, Xilinx may, from time to time, receive technical data from third parties that is subject to the International Traffic and Arms Regulations (ITAR), which are administered by the U.S. Department of State. EAR and ITAR govern the export and re-export of these FPGAs, the transfer of related technologies, whether in the U.S. or abroad, and the provision of services. We are required to maintain an internal compliance program and security infrastructure to meet EAR and ITAR requirements.

An inability to obtain the required export licenses, or to predict when they will be granted, increases the difficulties of forecasting shipments. In addition, security or compliance program failures that could result in penalties or a loss of export privileges, as well as stringent licensing restrictions that may make our products less attractive to overseas customers, could have a material adverse effect on our business, financial condition and/or operating results.

Our inability to effectively control the sale of our products on the gray market could have a material adverse effect on us.

We market and sell our products directly to OEMs and through authorized third-party distributors which helps to ensure that products delivered to our customers are authentic and properly handled. From time to time, customers may purchase products bearing our name from the unauthorized "gray market." These parts may be counterfeit, salvaged or re-marked parts, or parts that have been altered, mishandled, or damaged. Gray market products result in shadow inventory that is not visible to us, thus making it difficult to forecast supply or demand. Also, when gray market products enter the market, we and our authorized distributors may compete with brokers of these discounted products, which can adversely affect demand for our products and negatively impact our margins. In addition, our reputation with customers may be negatively impacted when gray market products bearing our name fail or are found to be substandard.

The conflict minerals provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act could result in additional costs and liabilities.
In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC established disclosure and reporting requirements for those companies who use "conflict" minerals mined from the Democratic Republic of Congo and adjoining countries in their products, whether or not these products are manufactured by third parties. These requirements could affect the sourcing and availability of minerals used in the manufacture of our semiconductor products. There will also be costs associated with complying with the disclosure requirements, including for due diligence in regard to the sources of any conflict minerals used in our products, in addition to the cost of remediation and other changes to products, processes, or sources of supply as a consequence of such verification activities. We may face reputational challenges if we are unable to sufficiently verify the origins for all minerals used in our products through the due diligence process we implement. Moreover, we may encounter challenges to satisfy those customers who require that all of the components of our products are certified as conflict free.

Exposure to greater than anticipated income tax liabilities, changes in tax rules and regulations, changes in interpretation of tax rules and regulations, or unfavorable assessments from tax audits could affect our effective tax rates, financial condition and results of operations.

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Our income tax obligations could be affected by many factors, including but not limited to changes to our corporate operating structure, intercompany arrangements and tax planning strategies. A significant portion of our earnings are earned by our subsidiaries outside the U.S. In addition to providing for U.S. income taxes on earnings from the U.S, we provide for U.S. income taxes on the earnings of foreign subsidiaries unless the subsidiaries' earnings are considered permanently reinvested outside the U.S. While we do not anticipate changing our intention regarding permanently reinvested earnings, if certain foreign earnings previously treated as permanently reinvested are repatriated, the related U.S. tax on such repatriated earnings could negatively impact our effective tax rates, financial condition and results of operations.

Our income tax expense is computed based on tax rates at the time of the respective financial period. Our future effective tax rates, financial condition and results from operations could be unfavorably affected by changes in the tax rates in jurisdictions where our income is earned, by changes in the tax rules and regulations or the interpretation of tax rules and regulations in the jurisdictions in which we do business, by lapses of the availability (or by the reintroduction, when such credit has lapsed) of the U.S. research and development tax credit, or by changes in the valuation of our deferred tax assets.

In addition, we are subject to examinations of our income tax returns by the U.S. Internal Revenue Service and other domestic and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that may result from the current examinations. There can be no assurance that the final determination of any of these examinations will not have an adverse effect on our effective tax rates, financial position and results of operations.

The conditional conversion features of our 2017 Convertible Notes were triggered and holders of the 2017 Convertible Notes may elect to convert such 2017 Convertible Notes which could have a material effect on our liquidity.

The 2017 Convertible Notes have conditional conversion features which were triggered in fiscal 2013. Holders of the 2017 Convertible Notes are entitled to convert the 2017 Convertible Notes at any time during specified periods at their option. As a result of this, we were required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2017 Convertible Notes as a current rather than long-term liability. In addition, we were required to increase the number of shares used in our per share calculations to reflect the potentially dilutive impact of the conversion.

If one or more holders elect to convert their 2017 Convertible Notes, we would be required to settle any converted principal through the payment of cash, which could adversely affect our liquidity.

Considerable amounts of our common shares are available for issuance under our equity incentive plans and 2017 Convertible Notes, and significant issuances in the future may adversely impact the market price of our common shares.

As of December 27, 2014 we had 2.00 billion authorized common shares, of which 261.1 million shares were outstanding. In addition, 37.8 million common shares were reserved for issuance pursuant to our equity incentive plans and ESPP, 20.2 million common shares were reserved for issuance upon conversion or repurchase of the 2017 Convertible Notes and 20.2 million common shares were reserved for issuance upon exercise of warrants. The availability of substantial amounts of our common shares resulting from the exercise or settlement of equity awards outstanding under our equity incentive plans or the conversion or repurchase of convertible debentures using common shares, which would be dilutive to existing stockholders, 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.

We have indebtedness that could adversely affect our financial condition and prevent us from fulfilling our debt obligations.

The aggregate amount of our consolidated indebtedness as of December 27, 2014 was $1.60 billion (principal amount), which includes $500.0 million in aggregate principal amount of our 2019 Notes, $500.0 million in aggregate principal amount of our 2021 Notes and $600.0 million in aggregate principal amount of our 2017 Convertible Notes. We also may incur additional indebtedness in the future. Our indebtedness may:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on the debentures and our other indebtedness;
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general corporate purposes;
- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general business purposes;
- require us to use a portion of our cash flow from operations to make debt service payments;
- limit our flexibility to plan for, or react to, changes in our business and industry;

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- place us at a competitive disadvantage compared to our less leveraged competitors;
- increase our vulnerability to the impact of adverse economic and industry conditions; and
- require us to repatriate off-shore cash to the U.S. at unfavorable tax rates.

Our ability to meet our debt service obligations will depend on our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control.

The agreements governing the 2019 Notes and 2021 Notes contain covenants that may adversely affect our ability to operate our business.

The indentures governing the 2019 Notes and 2021 Notes contain various covenants limiting our and our subsidiaries' ability to, among other things:

- create certain liens on principal property or the capital stock of certain subsidiaries;
- enter into certain sale and leaseback transactions with respect to principal property;
- consolidate or merge with, or convey, transfer or lease all or substantially all our assets, taken as a whole, to, another person.

A failure to comply with these covenants and other provisions in these indentures could result in events of default under the indentures, which could permit acceleration of the 2019 Notes and the 2021 Notes. Any required repayment as a result of such acceleration could have a material adverse effect on our business, results of operations, financial condition or cash flows.

The call options and warrant transactions related to our 2017 Convertible Notes may affect the value of the debentures and our common stock.

To hedge against potential dilution upon conversion of the 2017 Convertible Notes, we purchased call options on our common stock from the hedge counterparties. We also sold warrants to the hedge counterparties, which could separately have a dilutive effect on our earnings per share to the extent that the market price per share of our common stock exceeds the applicable strike price of the warrants of $41.99 per share.

As the hedge counterparties and their respective affiliates modify hedge positions, they may enter or unwind various derivatives with respect to our common stock and/or purchase or sell our common stock in secondary market transactions. This activity also could affect the market price of our common stock and/or debentures, which could affect the ability of the holders of the debentures to convert and the number of shares and value of the consideration that will be received by the holders of the debentures upon conversion.

Acquisitions and strategic investments present risks, and we may not realize the goals that were contemplated at the time of a transaction.

In the past, we have acquired technology companies whose products complement our products. We also have made a number of strategic investments in other technology companies. We may make similar acquisitions and strategic investments in the future. Acquisitions and strategic investments present risks, including:

- our ongoing business may be disrupted and our management's attention may be diverted by investment, acquisition, transition or integration activities;
- an acquisition or strategic investment may not further our business strategy as we expected, and we may not integrate an acquired company or technology as successfully as we expected;
- our operating results or financial condition may be adversely impacted by claims or liabilities that we assume from an acquired company or technology or that are otherwise related to an acquisition;
- we may have difficulty incorporating acquired technologies or products with our existing product lines;
- we may have higher than anticipated costs in continuing support and development of acquired products, and in general and administrative functions that support such products;
- our strategic investments may not perform as expected; and
- we may experience unexpected changes in how we are required to account for our acquisitions and strategic investments pursuant to U.S. GAAP.

The occurrence of any of these risks could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the case of a larger acquisition or several concurrent acquisitions or strategic investments.

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Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

In August 2012, the Board authorized the repurchase of up to $750.0 million of the Company's common stock and debentures through the 2012 Repurchase Program. In November 2014, the Board authorized the repurchase of an additional $800.0 million of the Company's common stock through the 2014 Repurchase Program. The shares authorized for purchase under the 2014 Repurchase Program are in addition to the shares authorized for purchase under the 2012 Repurchase Program. The 2012 and 2014 Repurchase Programs have no stated expiration date. Through December 27, 2014, the Company had used $727.6 million of the $750.0 million authorized under the 2012 Repurchase Programs, and none of the $800.0 million authorized under the 2014 Repurchase Program leaving a balance of $822.4 million available for future purchases.

The following table summarizes our repurchase of our common stock during the third quarter of fiscal 2015:

(In thousands, except per share amounts) Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
September 28, 2014 to November 1, 2014	2,063	$43.13	2,063	$108,363
November 2 to November 29, 2014	248	$44.41	248	$897,353
November 30 to December 27, 2014	1,673	$44.82	1,673	$822,353
Total for the Quarter	3,984		3,984	

Item 6. Exhibits

31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Items 3, 4 and 5 are not applicable and have been omitted.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

XILINX, INC.

Date: January 30, 2015

/s/ Jon A. Olson
Jon A. Olson
Executive Vice President
and Chief Financial Officer
(as principal accounting and financial
officer and on behalf of Registrant)