March 13, 2012

(via email)

Technical Director
File Reference No. 2011-230
FASB
401 Merritt 7
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Proposed Accounting Standards Update (Revised) Revenue recognition (Topic 605)

Dear Sir/Madam:

Xilinx, Inc. ("we") appreciates the opportunity to submit comments to the Financial Accounting Standards Board (the "Board") on its Exposure Draft of proposed accounting standards update of revenue recognition (Topic 605). We are a public company headquartered in San Jose, California and the leading provider of programmable platforms. We design, develop and market programmable platform solutions, which include integrated circuits in the form of programmable logic devices ("PLDs"), extensible process platforms as well as software design tools to program the PLDs. Our net revenues were approximately \$2.4 billion in the 2011 fiscal year and approximately 63% of our revenues were generated through the distributor channel. Our market capitalization currently exceeds \$9.5 billion.

We appreciate and support the joint project of the Financial Accounting Standards Board and the International Accounting Standards Board to improve the comparability of the financial statements across geographies and industries. However, we have significant concerns regarding the proposals in the Exposure Draft on the area of revenue measurement, specifically with respect to the proposed guidance under paragraph 38 – recognizing revenues on the basis of an estimated transaction price.

We, similar to many semiconductor companies and wholesale manufacturers, sell our products through distributors. Sales to distributors are made under agreements providing distributor price adjustments and rights of return under certain circumstances. Revenue recognition depends on notification from the distributors' subsequent resale (i.e., 'sell-through' method), because it is at that point the final sales price is fixed and determinable. At the time of shipment to the distributor, the final price is not fixed and determinable due to the variable consideration component in the transaction price. As the current proposal requires all entities to make an estimate of the transaction price, this would force us and many other companies that recognize distributor revenue upon sell through to change revenue recognition practice from the sell-through method (based on actual) to the sell-in method (based on estimate). We believe the sell-through method should be retained for sales contracts where the transaction price is not readily assessed at the time of shipment, such as the distributor arrangement. In addition, we do not believe that the sell-in method is aligned with the Board's objective to report useful information to users of the financial statements about the amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Our more specific concerns follow.

1. Accuracy of Revenues Estimate

As mentioned above, the proposed sell-in method requires a reasonable estimate of transaction price. While we have experience with this type of distributor sales arrangement, many factors impacting the

eventual transaction price are outside of our direct control. In addition, there is considerable volatility in the eventual transaction price sold to the distributors. This is attributable to several key factors including the significant number of end-customers that purchase via distributor across industries, variability in their activity volumes, variability in product mix and variability in the end-pricing agreed with those customers. All of these factors increase the volatility of the variable consideration component of each sale transaction, making it difficult to estimate or determine the actual transaction price before the sale to the end-customer has actually occurred.

Reliance on our historical experience will likely not to be indicative of the applicable variable consideration. In other words, using past data to predict future price adjustments/rebates to the distributor will likely lead to erroneous results. For example, over the previous five years, our overall distributor price adjustment/rebate has varied by as much as 22%. The movement in the most recent two years was approximately 7%. On a month over month basis, the distributor price adjustment has varied from +4.05% to -3.72%. With these wide ranges of adjustments, applying an estimate of the expected variable consideration component could potentially result in the revenues that are recognized in any given period being materially different than the actual revenues based on the current the sell-through method which relies on affirmation of end-customer sale and final price by the distributor. Due to distribution channel inventory levels it may not be possible to determine the final adjustment until the subsequent period or periods. This subsequent revenue reconciliation and true-up/adjustment to revenues resulting from this volatility has the potential to impact actual revenues reported and is likely to confuse the users of our financial statements as to the underlying performance of our business. Such an outcome contradicts the Board's objective of this proposed guidance.

In addition, the nature of Quarterly SEC reporting cycles and limited timeframes to complete financial filings may potentially exacerbate this risk for similar companies/industries and ultimately result in a competitive disadvantage compared with entities that report on foreign markets where public reporting is less frequent than in the U.S.

2. Potential to Engender Executive Compensation Programs that Encourage Risk

In recent years, the Securities and Exchange Commission ("Commission") has enacted many regulations, including the Dodd Frank Wall Street Reform and Consumer Protection Act, over the corporate governance and disclosures of executive compensation, especially in the area of executive incentive compensation plans. In light of the Commission's guidance, and to protect shareholders' investment, public companies have implemented numerous controls and devised policies to govern and maintain the integrity of their executive compensation plans. These controls and policies are in place to discourage risky behavior that is often associated with the incentive portion of the executive compensation plan that is tied to revenue and financial growth.

From a principle perspective, the proposed change in revenue recognition from a sell-through based model to the sell-in based model has the potential to encourage executives to take certain risks with revenue recognition assumptions and estimates in order to attain the requisite increases in revenues, market share, earnings per share, etc. correlated to higher levels of executive incentive compensation. Some of this behavior was known as "channel stuffing" and led to inaccurate financial reporting. It is in the best interests of investors and boards that such behavior be discouraged, not encouraged.

3. Potential to Increase Finance Workload and Costs

Assuming that we have the ability to reasonably estimate the transaction price at the "top" level and recognize and account for the variable consideration portion of revenues based on the estimated transaction price under the sell-in model, it would still be necessary to reconcile the actual transaction price to the estimated transaction price at the product level. The product-by-product reconciliation is

necessary in order to properly release the appropriate component of the liability accrual (or "reserve") for the variable consideration. As explained in point number 1 above, the distributor price adjustment fluctuates from month to month, we would have to track and match the shipment to and subsequent sale to each distributor separately and at each product line level, if we truly want to account for the revenues correctly.

As an indication of the complexity of the business model operated by companies like us, at time of writing we have 14 distributors (including one large global distributor), tens of thousands of different "SKUs", and tens of thousands of end-customers who purchase at different price points. The proposal, as currently reflected in the Exposure Draft, would necessitate a system that is capable to keep track of each shipment, each initial estimated distributor price adjustment, each subsequent sale and each actual transaction price on a product by product basis to manage and mitigate the risk associated with potential volatility of earnings. It is likely that this would require the development of new customized systems and infrastructure, assuming it is possible to develop such system. Based on our experience on developing and implementing customized information systems, it would take time and involve a substantial investment of resource and costs.

In addition to the increase in our internal costs, auditing costs are likely to increase as well. Under the sell-in based model, we anticipate that we would have at least quarterly discussions with our auditors to validate and substantiate our transaction price estimates. Our auditors would also have to independently validate the estimated transaction price by conducting some testing on a sample basis. The costs associated with this new revenue discussion, reconciliation and testing will result in incremental audit cost increases. We see no value in such additional reviews or audit procedures as we know the estimated transaction price will be adjusted subsequently.

Conclusion

While we are supportive of the intention of the Board to harmonize revenue recognition accounting requirements, we believe that the proposals move us from the current easily understood and relatively reliable 'sell-through' method to an alternate method that degrades the quality of estimates and introduces unnecessary uncertainty. Methods proposing determination of the transaction price which require an 'expected value/probability estimate', a 'reasonably assured', or 'most likely amount' approach to variable consideration (i.e. discounts/rebates) are inherently less accurate than the current 'sell-through' approach applied in ours and other industries. This will potentially introduce additional volatility into our reported revenues. Therefore, we do not believe that the sell-in method is aligned with the Board's objective to report useful information to users of the financial statements about the amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer in our business model which is applied in ours and other industries where distribution is a key part of the supply chain.

We also believe that the additional costs to implement a new accounting systems, the changes to revenue recognition procedures, potential confusion to the users of the financial statements and the risk of potentially promoting adverse behavior by executives generally outweigh the intended benefit of the proposed guidance for our and similar industries. We respectfully request the Board to reconsider the proposed rule by allowing companies the option to either (a) estimate the transaction price or (b) recognize revenue upon sell through if the transaction price is not fixed and determinable at the time of shipment. This can be accomplished within the existing Exposure Draft framework by providing language in Paragraphs 81 and 82 narrowing the implicit range of estimates that are acceptable. It can also be accomplished by offering language preferring, or at least supporting the concept that a highly determinable amount of consideration is a sounder basis for revenue recognition than one that is reasonably assured.

We thank you for your consideration of our thoughts. We also thank you for your attention when we and our colleagues from SanDisk and Intersil discussed these issues with you in our meeting on March 8, 2012. Please feel free to contact either of us if you would like to discuss our concerns regarding this aspect of the revenue recognition in the Exposure Draft.

Sincerely,

/s/ Jon A. Olson

Jon A. Olson Senior Vice President, Finance and Chief Financial Officer

Sincerely,

/s/ Lorenzo A. Flores

Lorenzo A. Flores Vice President, Finance and Corporate Controller