

The background of the page is a low-angle, upward-looking photograph of a modern building's glass facade. The perspective creates a strong sense of depth and height, with the grid of window panes converging towards a bright, clear blue sky in the center. The lighting is dramatic, with shadows and highlights on the glass surfaces.

Driving Quality Through
INNOVATION

CUSTOMER-DRIVEN QUALITY CULTURE

Quality-driven innovation is at the heart of everything we do at Xilinx®. It's a commitment that unites employees, suppliers, and stakeholders in a common mission to put customers first: listening, understanding, and executing to address their business requirements.

This inaugural Annual Quality Report and the accompanying datasheets provide insight into the significant philosophies, programs, and results driving our quality initiatives over the past year. We'll explore the key elements of our company's quality culture, from significant milestones and breakthroughs to actual case studies and metrics used to evaluate progress and set actionable, forward-looking goals for the coming year.

Industry leaders count on Xilinx to deliver the feature-rich and complex components that power today's electronics systems. It's a trust that comes from our relentless commitment to delivering programmable platform solutions and services with superb quality — on time, every time.

Ours is a Customer-driven Quality Culture that permeates the entire Xilinx organization. It brings together sophisticated IC design, advanced process technology, and superior design software in world-class platforms that enable our customers to compete more effectively.

This culture touches everything we do—from the design of our leading programmable devices to the software tools and intellectual property (IP) portfolio that help to differentiate them. Our executive management team focuses on the quality issues that most affect our customers, and our global quality team is engaged in all aspects of our business to drive change where needed to ensure a flawless customer experience. Ultimately, our culture even shapes the world-class service and support that we deliver to customers.

Xilinx has made significant progress in enhancing quality in recent years. This focus has yielded measurable results and strengthened our global organization's ability to deliver the finest products in the industry. We've successfully:

- Executed new product introductions with faster process stability, greater test coverage, and higher reliability
- Delivered generation-over-generation improvements in electrical, mechanical, and logistical quality
- Realized shorter turnaround times for diagnosing customer issues
- Achieved numerous industry awards and quality certifications

These are the hallmarks of quality, and we remain dedicated to this mission.


Moshe Gavrielov
President & CEO
Xilinx, Inc.


Vincent Tong
Senior Vice President, Quality & New Product Introductions
Xilinx, Inc.
Board of Directors, Global Semiconductor Alliance

3 C's OF XILINX QUALITY

CUSTOMERS, COMMITMENT, CULTURE



THE XILINX QUALITY MISSION:

Relentless commitment to delivering innovative programmable platform solutions and services with superb quality — on time, every time.

Xilinx field programmable gate arrays (FPGAs) have become the ubiquitous programmable platforms upon which many electronics systems are built. Achieving a high standard of quality across all aspects of our platform solutions — silicon devices, software, IP, development boards and services — translates into very real bottom-line benefits for our customers, investors, and employees.

Our quality philosophy is the culmination of three fundamental imperatives that drive us to meet the highest standards in the industry from development through delivery:

- **Customer**-driven quality built into all Xilinx processes and products
- **Commitment** to quality at all the levels of the Xilinx global organization
- **Culture** of continuous improvement and innovation embraced throughout the Xilinx ecosystem

This operating model makes Xilinx the partner of choice for product developers in industries ranging from wired and wireless communications, consumer, aerospace and defense, to automotive, audio/video broadcast, and industrial, scientific, and medical electronics.

CUSTOMER-DRIVEN QUALITY

Customers play an integral role in our quality initiatives. They provide valuable feedback that helps Xilinx teams to determine areas of focus and to better understand the root causes of quality issues. To this end, we've implemented a closed-loop process that ensures exceptional interaction and accountability with every initiative:

- Understand top issues facing engineers
- Analyze data points from customers, suppliers, and employees
- Implement initiatives with metrics for measuring and reporting progress
- Listen to customers using a structured "voice of the customer" (VOC) approach

COMMITMENT AT ALL LEVELS

Across the organization — and the globe — Xilinx is committed to keeping our quality promise. Our senior executives provide leadership and direction in our relentless pursuit of perfection. Our worldwide organization of more than 300 quality professionals, led by the Senior Vice President of Worldwide Quality and New Product Introductions reporting directly to the CEO, operates globally and implements locally in each of the major geographic regions in which Xilinx operates.

CULTURE OF CONTINUOUS IMPROVEMENT AND INNOVATION

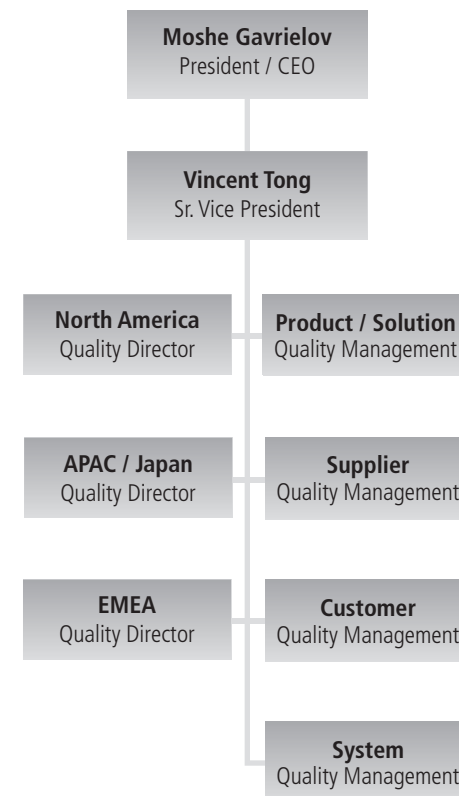
Quality begins with our employees. Whether the measure is perfection with incoming inspections, trouble-free service in the field, or timely and accurate customer service, we recognize that our employees ultimately control these factors. That's why our quality mission is shared throughout the Xilinx organization with a simple formula that empowers people and establishes accountability.

In striving for zero defects, we invest heavily in the training and development of our people. This includes a focus on preventative versus reactive measures, which saves time and money. Xilinx managers instill practices that get it right the first time by driving issues to root cause and eliminating repeat problems. Our teams collaborate with customers and suppliers to address quality upfront in the development process and to resolve issues with a sense of urgency.

At Xilinx, quality is an ongoing journey during which we learn from experience and constantly raise our standards of excellence. Quality is the foundation upon which the Xilinx legacy of innovation will endure for generations in the products our customers bring to the global marketplace.



WORLDWIDE QUALITY & NEW PRODUCT INTRODUCTION GROUP



DRIVING QUALITY THROUGH INNOVATION

“FPGA silicon is the engine, but it’s the combination of silicon, software, IP and development systems that deliver the ultimate value of Xilinx programmable platforms. We’ve put in place a rigorous development process to achieve the most stringent quality standards.”

Moshe Gavrielov
President and CEO
Xilinx, Inc.

Semiconductor design and manufacturing technologies are getting increasingly complex. At the same time, there is an increasing need for application-specific IP to fuel innovation in electronics across diverse markets. Xilinx is meeting these demands with fully integrated platform solutions that deliver higher quality for each new generation.

To accomplish this, we’ve re-defined and implemented key changes in our development approach and principles that improve quality of execution and product results through:

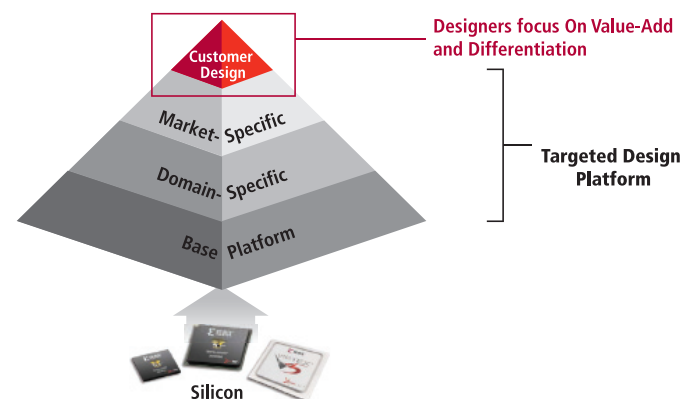
- Better customer-driven product definition
- Stronger and earlier development controls
- Enhanced customer design capabilities with software support before silicon
- Threefold tighter release criteria for engineering samples and transition to production

These efforts have come together in our new, robust Integrated Platform Development Lifecycle model. The process involves the early planning and architecture of an aligned set of pre-validated elements that are delivered as a complete “design platform” solution to offer optimal performance, the highest quality results, and a superior “out-of-the-box” design experience. With our comprehensive portfolio of baseline, domain-specific, and market-specific design platforms, Xilinx customers can focus on their own value-add and product differentiation. This platform approach is a cornerstone of the Xilinx Quality philosophy that has been adopted across all functional and geographic development teams within the company.

XILINX PLATFORM SOLUTIONS

Platform Elements

- Reference designs
- Target boards
- Application software
- Design tools
- IP
- Silicon



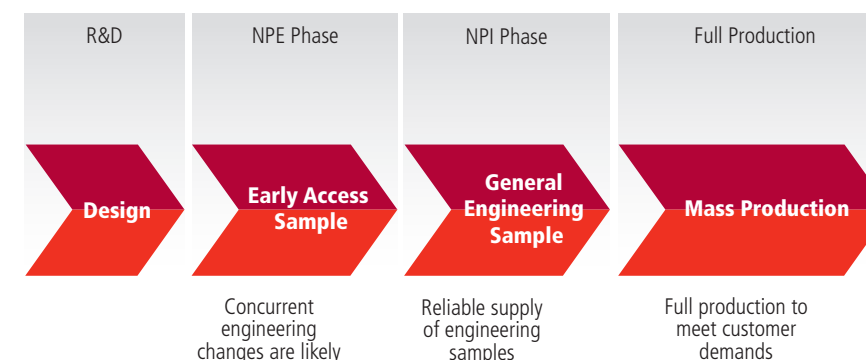
QUALITY PRODUCTS BY DESIGN

Xilinx pioneered a fundamentally different approach to device development that integrates new materials, design techniques, and verification methodologies to drive quality and product innovation. It takes into account the business impact of change and comprehends that programmable solutions are used in a broad array of applications, and thus are held to many more standards than traditional semiconductor products. We’ve realigned our organization to create well-defined roles and responsibilities for a more repeatable decision-making process across our entire development ecosystem and supply chain.

These efforts are supported with a formal, consistent process for new product evaluation and introduction (NPE and NPI) that identifies issues as early as possible and guarantees quality products by design. It starts with extensive verification and characterization and provides early access to engineering samples for a limited number of customers prior to product introduction. When it is time for a silicon release, rigorous product qualification is initiated with general availability of engineering samples to all customers. Successful qualification, coupled with production volume ramp-up, results in the smooth release to mass production, enabling our customers to meet volume demands.

The synergistic combination of our comprehensive approach to new product introduction, investment in advanced technologies, and commitment to global initiatives is setting new standards in quality for the semiconductor industry and across the markets we serve.

NEW PRODUCT INTRODUCTION PROCESS



CASE STUDY:

Virtex-5 New Product Evaluation

Initiative

Establish superior process stability and manufacturing readiness for launch of Virtex®-5 FPGA family through extensive design validation and characterization of the front-end fabrication process through package and assembly.

Quality Milestones

Virtex-5 LX and LXT FPGA platforms were the first ever to be put through Xilinx New Product Evaluation and New Product Introduction processes.

Key Results

- Dual-source fabrication with processes from two foundries included in evaluation
- 65-nm process achieved world-class minimum failure rates
 - 14.6 FIT for HTOL
- Met our delivery commitments
 - New product 100% on time production release
 - 95% + on time to factory schedule dates

* Review the complete case study and current FIT rate in the enclosed Xilinx Quality Results and Metric Overview

DRIVING QUALITY THROUGH

TECHNOLOGY LEADERSHIP

“Crisp operational execution can only be achieved through established world-class quality and product reliability. At Xilinx, this is an integrated fabric of customer service, supplier management, manufacturing, and our commitment to deliver exceptional quality products. This finely-tuned and comprehensive infrastructure is absolutely key to our success as a fabless company and in remaining at the forefront of the world’s most advanced chip-making processes with each new product generation.”

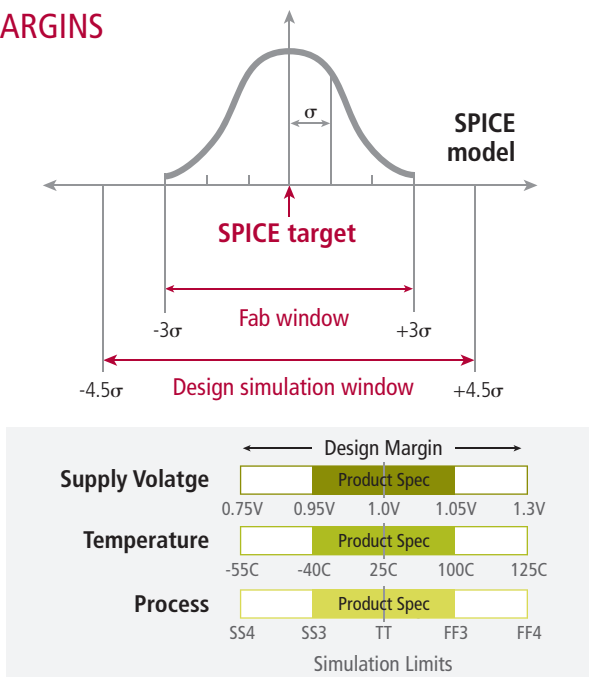
Raja Petrakian
Vice President, Supply Chain Management

Building quality products on leading-edge programmable technology is a proven formula that Xilinx customers depend on to deliver next-generation functionality with lower costs and better performance. With each new generation of FPGA platform, Xilinx effectively manages greater complexity with new process nodes, outsourced manufacturing, tighter design margins, and the perpetual push for higher performance, lower cost products.

Through partnerships with our suppliers and the dedicated engineering teams at Xilinx, we constantly improve quality by increasing simulation and product margin, reducing defect density, expanding testability, and driving issues to resolution with exhaustive root cause identification and analysis.

As a result, Xilinx FPGAs drive higher yields with the most advanced manufacturing technologies the semiconductor industry has to offer, and have become the de-facto yield improvement devices among top tier foundries today.

DESIGN MARGINS

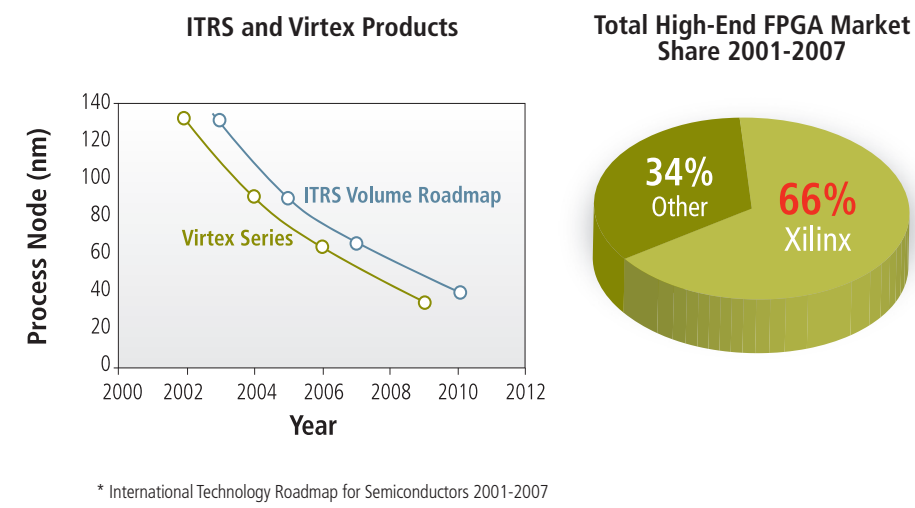


Driving quality through technology establishes process leadership at each technology node and allows us to build a foundation for our product which is reliable, cost effective, and defect free. This is critical to both delivering new products on time and improving defect densities at each process node. Our continuous improvement in defect densities has a direct effect on product quality and eliminates defects permanently at their source.

As Xilinx delivers to market 40 and 45 nanometer (nm) products and develops our 32nm process, we leverage best practices to build upon the improvements that we have gained from generation to generation.

Technology, as well as product and manufacturing leadership, continues to be at the heart of our core competency as the PLD industry leader and the driving force for delivering the highest quality platform solutions.

TECHNOLOGY INNOVATION LEADS TO MARKET SHARE LEADERSHIP



“Xilinx FPGAs are ideally suited to prove and test advanced manufacturing processes, due to their symmetrical structure and re-programmability. Defects can be more easily identified and isolated during manufacturing than with traditional, fixed semiconductor device architectures, making them an ideal process driver for a leading edge, high volume manufacturer such as UMC.”

Dr. Shih-Wei Sun
Chief Executive Officer
United Microelectronics Corporation

DRIVING QUALITY THROUGH

MANUFACTURING EXCELLENCE

CASE STUDY:

High Volume Consumer HDTV Application

Initiative

A leading Japanese consumer electronics company had a high-volume consumer HDTV application with which to hit the customer time-to-market window. Xilinx has delivered the technology, overcome customer design issues, and now shipped over 5.5 million units without issue.

Quality Milestones

- Required low-cost consumer price point and stringent consumer market quality
- Utilized key Spartan®-3E FPGA technology
- Demonstrated excellent reliability and characterization to satisfy customer's application needs
- Identified and quickly resolved customer design issues in manufacturing
- Delivered flawlessly to meet customer's time-to-market window goals

Key Results

- Shipped 5.5 million displays worldwide with 100% on-time delivery
- Achieved 0 PPM in high-volume manufacturing
- Increased customer loyalty by quickly resolving line-down situations
- Selected as FPGA supplier of choice for all subsequent HDTV platforms and models

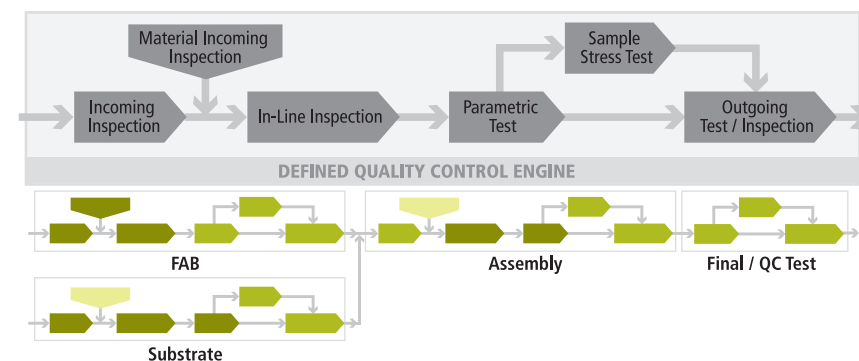
Our company's fabless model is a proven core competency and the benchmark by which other companies are measured. Xilinx holds over 50 percent of the PLD industry market segment. We've been recognized by the Global Semiconductor Alliance (GSA) as one of the "top ten semiconductor companies" every year since 2002.

These results are realized through close collaboration with our suppliers and a relentless focus on enhancing the overall customer experience — regardless of the source of a specific technology, component, or service. In many instances, Xilinx employs a dual technology-supplier model to harness the benefits of leading-edge technologies, the best cost structure, adequate production capacity, and risk mitigation.

We've established a comprehensive set of supplier quality management (SQM) elements and installed control systems in our fabrication, substrate, assembly and test manufacturing sites. These include processes covering supplier selection, qualification, ongoing monitors, and timely problem resolution. In addition, we use real-time systems for Quality Control that allow Xilinx engineers to monitor manufacturing results at supplier factories.

We also build synergy between design and manufacturing into our product development through structured feedback mechanisms, yield engineering methodologies, and analysis techniques. These include design for manufacturability (DFM), built-in product margin, design failure mode effects analysis (FMEA) and risk assessment, product lifetime performance analysis, and a complete process capability assessment prior to silicon tapeout.

QUALITY MANAGEMENT IN SUPPLY CHAIN



Xilinx is leading the industry's transition to knowledge-based qualification. The Xilinx reliability program integrates testing into the manufacturing process, which takes place on standard production material at wafer sort. This flow creates a "quick reaction" reliability monitor that ensures the integrity of material prior to shipment, gathers trend analysis data for internal corrective actions, and maintains a meaningful database for customer review.

Through Design for Test (DFT), Xilinx has increased FPGA testability with every generation of development. Test coverage for our 65nm Virtex-5 FPGA family is now greater than 99 percent in production. And, coverage for our EasyPath™ program for volume production is better than 99.9 percent.

Key Element	Quality Objective	Targeted Result
Design & Process Harmony Achieve high product quality and reliability with structural harmony between product design and manufacturing.	Statistical process control limits within the manufacturing plants guardband the design technology used to configure the circuit and layout in Xilinx automated design methodology.	Implemented new development lifecycle with a 3x increase in stronger, robust release criteria. Design simulation window covering +/- 4.5 Sigma and extends beyond the operating window to ensure product margin.
Characterization Every product design is evaluated over extremes of operating temperature, supply voltage, and clock frequency before release to production.	Proper guardbanding of test program to ensure consistent compliance to datasheet limits.	Characterization covers full process, voltage and temperature window. Over 440,836,411 data points collected to date on Virtex-5 and Spartan-3A product families.
Qualification Every new product design undergoes comprehensive series of life, electrical and environmental tests before release to production.	Employ industry standard environmental and life tests.	World-class reliability for 90nm products has achieved 3.5 FIT. Reliability for new 65nm products has reached 14.6 FIT in production.
Parts per Million (PPM) Measure outgoing quality through careful statistical sampling of production lots prior to shipment.	Target Electrical PPM of ≤ 50 for all products.	Overall customer-reported PPM: - Electrical 3 PPM in Q3 2008 - Mechanical 0 PPM Q3 and Q4 2008 - Logistical errors reached all time low of 22 LPM in Q3 2008

DRIVING QUALITY THROUGH

WORLD-CLASS SYSTEMS

It takes world-class systems and processes to sustain the level of quality and continuous improvement that drives innovation. The Xilinx Quality and Reliability System is built on a comprehensive platform that has been developed and refined during our 25 years in the fabless semiconductor business. This system is put into practice through an integrated fabric of customer service, supplier management, and quality management processes that guide our company as well as our ecosystem of third-party technology, product and service providers. These processes are audited on a regular basis to maintain their effectiveness, and to adopt new technologies and methods as needed to ensure quality at every customer touch point.

SUPPLIER QUALITY MANAGEMENT (SQM)

Xilinx works closely with semiconductor supply chain partners to define and implement quality processes and metrics that maximize the benefits of the fabless semiconductor model. In this way, our ecosystem partners focus on their core competencies, such as foundry services, packaging, assembly, and test functions. We focus on rapidly designing advanced product architectures, software tools, and FPGA IP, while delivering products built on the world's most advanced chip-making process technologies.

Issue resolution is a collaborative effort between Xilinx and supplier engineering teams facilitated by data-driven decision making. Detailed supplier scorecards are reviewed quarterly with each supplier. In addition, yield and quality engineers are located throughout the US, EMEA, and Asia for 24-hour monitoring programs with direct access to in-line data.

GOAL-DRIVEN QUALITY SYSTEM



QUALITY MANAGEMENT SYSTEMS (QMS)

Xilinx has a proven track record of pursuing quality management system improvements through our semiconductor industry and vertical market certification efforts.

Xilinx is the only PLD supplier with both TL9000 and TS16949 certifications. We were the first to achieve TL9000 certification. And, the first and only fabless company to achieve TS16949 certification. TS16949 certification is critical for doing business in automotive markets.

Quality Certifications:

- ISO9001, TL9000 and TS16949 certifications for our development and manufacturing teams
- ISO9001 certifications for software and Xilinx Design Services (XDS) teams
- ISO14001 Environmental certification for manufacturing sites in San Jose, Ireland, and Singapore
- OHSAS18001 Health and Safety certification for manufacturing sites in San Jose, Ireland, and Singapore

We lead the PLD industry in delivering automotive solutions. We deliver products that exceed AEC-Q100 qualifications using systems modeled upon rigorous methods from industry-leading automotive companies that include:

- FMEA in product design and manufacturing processes
- Advanced product quality plans
- Statistical bin limiting and analysis (SBL/SBA)
- Control plans
- MSA (measurement system analysis)
- PPAP (production part approval process) documentation

“There are many fabless companies who would like to attain TS16949 certification, but have not succeeded. Xilinx has a strategic benefit that others do not have. GSA believes the automotive market is important and is committed to supporting fabless companies worldwide who can differentiate their products and leverage their market presence to take advantage of opportunities that are growing in this important sector.”

Lisa Tafoya
Vice President of Global Research
Global Semiconductor Alliance (GSA)

DRIVING QUALITY THROUGH BEST-IN-CLASS SUPPORT

CASE STUDY:
Streamlining the Returns Process

Initiative
Improve the customer returns support process in Asia-Pacific and Japan. Open two new engineering labs. Expand capacity to support 40% of global RMA activities by March 2009. Enhance overall customer service experience.

- Quality Milestones**
- Expanded RMA regional support in Xilinx Singapore headquarters
 - Began rolling out practical tools and training programs
 - Reduced RMA cycle times to less than 12 days on average

- Key Results**
- Delivered RMA portal to address customer support needs
 - Simplify case initiation and status review
 - Deliver real-time status notifications
 - Provided FPGA quality design training and best practices checklist
 - Empower designers to produce more robust FPGA designs
 - Reduce Xilinx customer service requirements

* Review the complete case study in the enclosed Xilinx Quality Results and Metric Overview

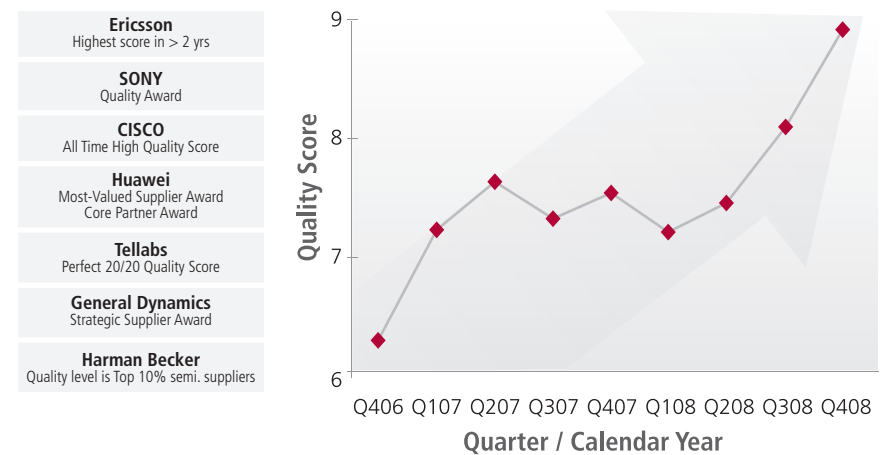
Quality doesn't end when a product ships from Xilinx. It's the point where our commitment to the best possible customer experience begins.

We provide a host of technical support resources, automated tools, and training programs. These include: 24/7 hotline services, streamlined Return Materials Authorization (RMA) process for hardware and software products, browser-based queries into on-demand answer databases, real-time online discussion forums for the Xilinx user community, and an array of instructor-led classes and e-learning options.

Xilinx places a high priority on resolving product quality issues and customer returns as quickly as possible. We provide each customer with a single-point RMA interface, and our interactive online RMA system enables direct communication between Xilinx representatives and customers with visibility into the status of reported problems at every step of the process.

In addition, we've developed a robust VOC process for better collaboration with our customers. This allows us to more closely monitor issues, develop actionable improvements, and measure our progress. By implementing this closed-loop flow, we're able to integrate customer feedback across multiple operations within the company.

INCREASING CUSTOMER SATISFACTION & QUALITY AWARDS



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