SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C 20549
FORM 10-K

COMMISSION FILE NUMBER: 0-18032

/X/ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended April 3, 1999 or

/ / Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ------- to -------

LATTICE SEMICONDUCTOR CORPORATION

(Exact name of Registrant as specified in its Charter)

DELAWARE	93-0835214
(State of Incorporation)	(I.R.S Employer Identification No.)
5555 NE MOORE COURT, HILLSBORO, OREGON	97124-6421
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (503) 268-8000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE
SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Title of Class	Name of Exchange
Common Stock, $.01 par value	NASDAQ
Preferred Share Purchase Rights	None

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Yes X No

As of June 17, 1999, the aggregate market value of the shares of voting stock of the Registrant held by non-affiliates was approximately $821 million. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of June 17, 1999, 23,711,652 shares of the Registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the Annual Report to Stockholders for the fiscal year ended April 3, 1999 are incorporated by reference in Part II hereof.

2. Portions of the definitive proxy statement of the Registrant to be filed pursuant to Regulation 14A for the 1999 Annual Meeting of Stockholders to be held on August 9, 1999 are incorporated by reference in Part III hereof.

LATTICE SEMICONDUCTOR CORPORATION
FORM 10-K
ANNUAL REPORT
TABLE OF CONTENTS

Item of Form 10-K			Page
PART I			
Item 1	-	Business	2
Item 2	-	Properties	15
Item 3	-	Legal Proceedings	16
Item 4	-	Submission of Matters to a Vote of Security Holders	16
Item 4(a)	-	Executive Officers of the Registrant	17
PART II			
Item 5	-	Market for the Registrant's Common Stock and Related Stockholder Matters	19
Item 6	-	Selected Financial Data	19
Item 7	-	Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 7(a)	-	Quantitative and Qualitative Disclosures about Market Risk	20
Item 8	-	Financial Statements and Supplementary Data	20
Item 9	-	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	21
PART III			
Item 10	-	Directors and Executive Officers of the Registrant	22
Item 11	-	Executive Compensation	22
Item 12	-	Security Ownership of Certain Beneficial Owners and Management	22
Item 13	-	Certain Relationships and Related Transactions	22
PART IV			
Item 14	-	Exhibits, Financial Statement Schedules and Reports on Form 8-K	23
Signatures			27
Financial Statement Schedules			S-1

ITEM 1. BUSINESS

This Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results could differ materially from those projected in the forward-looking statements as a result of the factors set forth in "Factors Affecting Future Results" and elsewhere in this Report.

GENERAL

Lattice Semiconductor Corporation (the "Company") designs, develops and markets high performance programmable logic devices ("PLDs") and related development system software. The Company is the inventor and world's leading supplier of in-system programmable ("ISP-TM-") PLDs. The Company introduced ISP devices to the industry in 1992. PLDs are standard semiconductor components that can be configured by the end customer as specific logic functions, enabling shorter design cycle times and reduced development costs. Lattice products are sold worldwide through an extensive network of independent sales representatives and distributors, primarily to original equipment manufacturers ("OEMs") of communication, computing, industrial and military systems. Lattice was founded in 1983 and is based in Hillsboro, Oregon.

In June 1999, the Company acquired Vantis Corporation from Advanced Micro Devices ("AMD") for approximately $500 million in cash. Vantis will be integrated into the operations of the Company and remain a wholly-owned subsidiary of the Company. The business of Vantis is substantially similar to that of the Company including markets, products, customers, work force and revenues, which are not included in the descriptions, Technology, Products, Product Development, Operations, Marketing, Sales, Customers, Backlog, Licenses and Agreements and Year 2000 Compliance contained herein. Prior to the acquisition, Vantis relied upon its parent company, AMD, for most manufacturing activities as well as financial and administrative services. As a part of the acquisition agreement between AMD and the Company, AMD has agreed to continue to perform many of these services for defined periods or at the Company's option, shorter periods. The transaction is being accounted for using the purchase method in the Company's consolidated financial statements beginning in the period ended July 3, 1999. As part of the acquisition agreements, AMD and the Company have agreed to sign an election under the Internal Revenue Code which will enable the Company to take a tax deduction for the purchase price amortized over periods up to 15 years. The primary benefits expected to result from this acquisition are accelerated development of new products and new technologies, and the ability to reach and service a greater number of customers.

PLD MARKET BACKGROUND

Three principal types of digital integrated circuits are used in most electronic systems: microprocessors, memory and logic. Microprocessors are used for control and computing tasks, memory is used to store programming instructions and data, and logic is employed to manage the interchange and manipulation of digital signals within a system. Logic contains interconnected groupings of simple logical "AND" and logical "OR" functions, commonly described as "gates". Typically, complex combinations of individual gates are required to implement the specialized logic functions required for systems applications. While system designers use a relatively small number of standard architectures to meet their microprocessor and memory needs, they require a wide variety of logic circuits in order to achieve end product differentiation.

Logic circuits are found in a wide range of today's digital electronic equipment including communication, computing, industrial and military systems. According to WSTS, a semiconductor industry association, logic accounted for approximately 28% of the estimated $109 billion worldwide digital integrated circuit market in 1998. The logic market encompasses, among other segments, standard logic, custom-designed application specific integrated circuits ("ASICs", which include conventional gate-arrays, standard cells and full custom logic circuits), and PLDs.

Manufacturers of electronic equipment are increasingly challenged to bring differentiated products to market quickly. These competitive pressures often preclude the use of custom-designed ASICs, which generally entail significant design risks and time delay. Standard logic products, an alternative to custom-designed ASICs, limit a manufacturer's flexibility to adequately customize an end system. Programmable logic addresses this inherent dilemma. PLDs are standard products, purchased by systems manufacturers in a "blank" state, that can be custom configured into a virtually unlimited number of specific logic functions by programming the device with electrical signals. PLDs give system designers the ability to quickly create their own custom logic functions to provide product differentiation without sacrificing rapid time to market. Certain PLD products, including the Company's, are reprogrammable, meaning that the logic configuration can be modified, if needed, after the initial programming. In-system programmable PLDs, first pioneered by the Company, extend the flexibility of standard reprogrammable PLDs by allowing the system designer to configure and reconfigure the logic functions of the PLD with standard 5-volt or 3.3-volt power supplies without removing the PLD from the system board.

The PLD market has two primary segments: low-density PLDs (less than 1,000 logic gates) and high-density PLDs (greater than 1,000 logic gates). High-density PLD devices include devices based on both the complex PLD ("CPLD") and field programmable gate array ("FPGA") architectures.

Products based on these alternative high-density PLD architectures are generally optimal for different types of logic functions, although many logic functions can be implemented using either architecture. CPLDs are characterized by a regular building block structure of wide-input logic cells, termed macrocells, and use of a centralized logic interconnect scheme. CPLDs are optimal for control logic applications, such as state machines, bus arbitration, encoders, decoders and sequencers. FPGAs are characterized by a narrow-input logic cell and use a distributed interconnect scheme. FPGAs are optimal for register intensive and data path logic applications such as interface logic and arithmetic functions. The Company believes that a substantial portion of high-density PLD customers utilize both CPLD and FPGA architectures within a single system design, partitioning logic functions across multiple devices to optimize overall system performance and cost.

TECHNOLOGY

The Company believes that electrically erasable CMOS ("E2CMOS-Registered Trademark-") is the preferred process technology for PLD products due to its inherent performance, reprogrammability and testability benefits. E2CMOS technology, through its fundamental ability to be programmed and erased electronically, serves as the foundation for the Company's ISP products.

IN-SYSTEM PROGRAMMABLE (ISP) PRODUCTS AND TECHNOLOGY

The Company pioneered the development of ISP products which utilize 5-volt or 3.3-volt programming signals and, as a result, can be configured and reconfigured by a system designer without being removed from the printed circuit board. Standard E2CMOS programmable logic devices require a 12-volt programming signal and therefore must be removed from the printed circuit board and programmed using specialized hardware. ISP devices offer enhanced flexibility versus standard PLDs and provide significant customer benefits. ISP devices can allow customers to reduce design cycle times, accelerate time to market, reduce prototyping costs, reduce manufacturing costs and lower inventory requirements. ISP devices can also provide customers the opportunity to perform simplified and cost-effective field reconfiguration through a data file transferred by computer disk or serial data signal.

PRODUCTS

ISP PRODUCTS

SILICON. The Company first entered the ISP market in fiscal 1993 and currently offers seven distinct families of ISP products, each consisting of multiple devices. The Company is currently shipping over 300 performance, package and temperature range combinations of ISP products.

ispLSI-Registered Trademark- 1000/E: The Company's original ISP family utilizes an innovative, proprietary CPLD architecture incorporating familiar GAL-Registered Trademark- ("Generic Array Logic") based logic building blocks. This family provides performance of up to 125 MHz (7.5 nanosecond propagation delay), densities of 2,000 to 8,000 gates and is available in 44- to 128-pin standard surface mount packages.

ispLSI 2000E/VE: Introduced in fiscal 1999, the SuperFAST-TM- 5 volt ispLSI 2000E and 3.3 volt ispLSI 2000VE families utilize an architecture designed for input/output ("I/O") intensive applications and are the industry's fastest CPLDs. These families provides performance of up to 200 MHz (3.5 nanosecond propagation delay), densities of 1,000 to 8,000 gates and are available in 44-to 208-pin standard surface mount packages.

ispLSI 3000/E: The ispLSI 3000/E family incorporates an enhanced CPLD architecture to target higher density applications while retaining high performance. This family provides densities of 7,000 to 20,000 gates, performance of up to 125 MHz (7.5 nanosecond propagation delay), and is available in 160- to 432-pin surface mount packages.

ispLSI 5000V: Introduced in fiscal 1999, the SuperWIDE-TM- 3.3-volt ispLSI 5000V family is based on an entirely new CPLD architecture that incorporates a 68-input logic block. This innovative logic block architecture, the industry's widest, makes the 5000V family an ideal solution for 32-bit and emerging 64-bit control logic applications. This family provides densities of 12,000 to 24,000 gates, performance of up to 125 MHz (7.5 nanoseconds propagation delay), and is available in 192- to 388-pin surface mount packages.

ispLSI 8000: Introduced in fiscal 1999, the SuperBIG-TM- 5-volt ispLSI 8000 family utilizes an entirely new hierarchical CPLD architecture designed to efficiently implement large, register intensive, logic applications. This family provides densities of 25,000 to 50,000 gates, performance of up to 110 MHz (8.5 nanoseconds propagation delay), and is available in 272- to 492-pin surface mount packages.

ispGAL-Registered Trademark-: This proprietary family combines in-system programmability with the industry standard 22V10 low-density architecture. Offered with performance of up to 200 MHz, (5.0 nanosecond propagation delay), the ispGAL family is available in both 5-volt and 3.3-volt operating supply versions.

ispGDX-TM-: This family extends in-system programmability to the circuit board level using an innovative digital cross-point switch architecture. Offered with propagation delays as low as 5.0 nanoseconds, up to 160 I/O and complete pin-to-pin signal routing, the ispGDX is targeted towards digital signal interconnect and interface applications.

The Company plans to continue to introduce new families of ISP products, as well as improve the performance of existing product families based on market needs.

SOFTWARE DEVELOPMENT TOOLS. All ISP products are supported by ispEXPERT-TM-, the Company's third generation software development tool suite. Supporting both the PC and UNIX platforms, ispEXPERT allows a customer to enter, verify and synthesize a design, perform logic simulation and timing analysis, assign I/O pins and critical speed paths, debug and floorplan a design, execute automatic place and route tasks and download a program to an ISP device. Seamlessly integrated with third-party electronic design automation ("EDA") environments, ispEXPERT leverages customers' prior investments in products offered by Aldec, Cadence, Mentor Graphics, OrCAD, Synopsys, Synplicity, Viewlogic and Veribest. In the future, the Company plans to continue to enhance and expand its development tool offerings.

The Company also provides a variety of software algorithms that support in-system programming of the Company's ISP devices via multiple formats and mechanisms. These software products include ispCODE-TM-, Turbo ispDOWNLOAD-TM-, ispREMOTE-TM-, ispATE-TM-, and ispSVF-TM-.

NON-ISP PRODUCTS. The Company offers the industry's broadest line of low-density CMOS PLDs based on its 16 families of GAL products offered in over 180 speed, power, package and temperature range combinations. GAL devices range in complexity from approximately 200 to 1,000 logic gates and are typically assembled in 20-, 24- and 28-pin standard dual in-line packages and in 20- and 28-pin standard plastic leaded chip carrier packages. The Company offers the industry standard GAL16V8, GAL20V8, GAL22V10, GAL20RA10 and GAL20XV10 architectures in a variety of speed grades, with propagation delays as low as 3.5 nanoseconds, the highest performance in the industry. The Company also offers several proprietary extension architectures, the GAL26CV12, GAL18V10, GAL16VP8, GAL20VP8, GAL6001/2, GAL16V8Z and GAL20V8Z, each of which is optimized for specific applications. The Company also offers a full range of 3.3-volt industry standard architectures, the GAL16LV8, GAL20LV8, GAL22LV10 and GAL26CLV12 in a variety of speed grades, with propagation delays as low as 3.5 nanoseconds, the highest performance in the industry.

The Company's non-ISP products are supported by industry standard software and hardware development tools marketed by independent manufacturers specifically for PLD applications.

PRODUCT DEVELOPMENT

The Company places substantial emphasis on new product development and believes that continued investment in this area is required to maintain its competitive position. See "Factors Affecting Future Results." The Company's product development activities emphasize new proprietary ISP products, enhancement of existing products and process technologies and improvement of software development tools. Product development activities occur in the Company's Hillsboro, Oregon headquarters, Milpitas, California product development center and Corsham, England and Shanghai, China design centers.

Research and development expenses were $27.8 million, $32.0 million and $33.2 million in fiscal years 1997, 1998 and 1999, respectively. The Company expects to continue to make significant investments in research and development in the future.

OPERATIONS

The Company does not manufacture its own silicon wafers and has historically maintained strategic relationships with large semiconductor manufacturers to source finished silicon wafers. This allows internal resources to be focused on product, process and market development. In addition, assembly is performed for the Company by outside suppliers. The Company performs certain test operations and reliability and quality assurance processes internally, as the Company believes it can add significant customer value in these areas. The Company has achieved ISO 9001 quality certification, an indication of the Company's high internal operational standards.

WAFER FABRICATION

The majority of the Company's silicon wafer requirements are currently supplied by Seiko Epson Corporation ("Seiko Epson") in Japan pursuant to an agreement with Epson Electronics America, Inc. ("EEA", formerly SMOS Systems, Inc. "S MOS"), an affiliated U.S. distributor of Seiko Epson. See "Licenses and Agreements - Seiko Epson/S MOS." The Company negotiates wafer volumes, prices and terms with Seiko Epson and EEA on a periodic basis. In addition, the Company receives silicon wafers from the United Microelectronics Corporation Group of affiliated companies ("UMC Group") in Taiwan pursuant to a series of agreements entered into in 1995. Wafer prices and other purchase terms related to this commitment are subject to periodic adjustment. See "Licenses and Agreements - UMC Group." A significant interruption or shortage in wafer supply from Seiko Epson through EEA or from the UMC Group would have a material adverse effect on the Company's business. A significant or unexpected deterioration in the silicon wafer quality or yield levels achieved by Seiko Epson or the UMC Group could also have a material adverse effect on the Company's business. See "Factors Affecting Future Results."

ASSEMBLY

After wafer fabrication and initial testing, the Company ships wafers to independent subcontractors for assembly. During assembly, wafers are separated into individual die and encapsulated in plastic or ceramic packages. Presently, the Company has qualified long-term assembly partners in Hong Kong, Malaysia, the Philippines, South Korea, Taiwan and the United States. See "Factors Affecting Future Results."

TESTING

The Company electrically tests the die on each wafer prior to shipment for assembly. Following assembly, prior to customer shipment, each product undergoes final testing using test equipment, techniques and quality assurance procedures. Final testing on certain products is performed at independent contractors in Malaysia, the Philippines, South Korea and the United States.

MARKETING, SALES AND CUSTOMERS

The Company sells its products directly to end customers through a network of independent manufacturers' representatives and indirectly through a network of independent distributors. The Company also employs a direct sales management and field applications engineering organization to support its end customers and indirect sales resources. The Company's end customers are primarily original equipment manufacturers in the fields of communication, computing, industrial and military systems.

At April 3, 1999, the Company utilized 21 manufacturers' representatives and four distributors in North America. Arrow Electronics, Inc., Avnet, Inc. and Marshall Industries provide full distribution coverage, while Future Electronics provides regional distribution coverage in Canada. The Company has also established export sales channels in over 30 foreign countries through a network of over 30 sales representatives and distributors. Approximately one-half of the Company's North American sales and most of its export sales are made through distributors.

The Company protects each of its North American distributors and some of its foreign distributors against reductions in published prices, and expects to continue this policy in the foreseeable future. The Company also allows returns from these distributors of unsold products under certain conditions. For these reasons, the Company does not recognize revenue until products are resold by these distributors.

The Company provides technical and marketing support to end customers with engineering staff based in the Company's headquarters, design centers and selected field sales offices. The Company maintains 21 domestic and international sales offices. These offices are located in the metropolitan areas of Atlanta, Boston, Chicago, Dallas, Los Angeles, Minneapolis, Orange County, Orlando, Portland, Raleigh, San Diego, San Jose, Hong Kong, London, Milan, Munich, Paris, Seoul, Shanghai, Taipei and Tokyo.

Export sales accounted for 49%, 51% and 50% of the Company's total revenue in fiscal 1997, 1998 and 1999, respectively. Both export and domestic sales are denominated in U.S. dollars, with the exception of sales to Japan, which are dominated in yen. If export sales decline significantly there will be a material adverse impact on the Company's business. See "Factors Affecting Future Results."

The Company's products are sold to a large and diverse group of customers. No individual customer or distributor accounted for more than 10% of total revenue in fiscal 1997, 1998 or 1999. No export sales to any individual country accounted for more than 10% of total revenue in fiscal 1997, 1998 or 1999.

BACKLOG

The Company's backlog of scheduled and released orders as of April 3, 1999 was approximately $30.4 million as compared to approximately $31.8 million as of March 28, 1998. The Company's backlog consists of direct OEM and distributor orders scheduled for delivery within the next 90 days. Distributor orders accounted for the majority of the backlog in both periods. Direct OEM customer orders may be changed, rescheduled or cancelled under certain circumstances without penalty prior to shipment. Additionally, distributor orders generally may be changed, rescheduled or cancelled without penalty prior to shipment. Furthermore, distributor shipments are subject to rights of return and price adjustment. Revenue associated with distributor shipments is not recognized until the product is resold to an end customer. In recent periods, the majority of the Company's revenue has resulted from orders placed and filled within the same period ("turns orders"). By definition, turns orders are not captured in a backlog measurement made at the beginning of a period. The Company does not anticipate a significant change in this business pattern. For all these reasons, backlog as of any particular date should not be used as a predictor of revenue for any future period.

COMPETITION

The semiconductor industry is intensely competitive and characterized by rapid rates of technological change, product obsolescence and price erosion. The Company's current and potential competitors include a broad range of semiconductor companies from large, established companies to emerging companies, many of which have greater financial, technical, manufacturing, marketing and sales resources.

The principal competitive factors in the PLD market include product features, price, customer support, and sales, marketing and distribution strength. The availability of competitive software development tools is also critical. In addition to product features such as density, speed, power consumption, reprogrammability, design flexibility and reliability, competition in the PLD market occurs on the basis of price and market acceptance of specific products and technology. The Company believes that it competes favorably with respect to each of these factors. The Company intends to continue to address these competitive factors by working to continually introduce product enhancements and new products, by seeking to establish its products as industry standards in their respective markets, and by working to reduce the manufacturing cost of its products over their respective life cycles.

In the ISP PLD market, the Company primarily competes directly with Altera and Xilinx, both of which offer competing products. The Company also competes indirectly with other PLD suppliers as well as other semiconductor companies providing non-PLD based logic solutions. As the Company and these other companies seek to expand their markets, competition may increase.

Although to date the Company has not experienced significant competition from companies located outside the United States, such companies may become a more significant competitive factor in the future. As the Company and its current competitors seek to expand their markets, competition may increase. Any such increases in competition could have a material adverse effect on the Company's operating results. See "Factors Affecting Future Results."

PATENTS

The Company seeks to protect its products and wafer fabrication process technologies primarily through patents, trade secrecy measures, copyrights, mask work protection, trademark registrations, licensing restrictions, confidentiality agreements and other approaches designed to protect proprietary information. There can be no assurance that others may not independently develop competitive technology not covered by the Company's intellectual property rights or that measures taken by the Company to protect its technology will be effective. See "Factors Affecting Future Results."

The Company holds numerous domestic, European and Japanese patents on its PLD products and has patent applications pending in the United States, Japan and Europe. There can be no assurance that pending patent applications or other applications that may be filed will result in issued patents, or that any issued patents will survive challenges to their validity. Although the Company believes that its patents have value, there can be no assurance that the Company's patents, or any additional patents that may be issued in the future, will provide meaningful protection from competition. The Company believes its success will depend primarily upon the technical expertise, experience, creativity and the sales and marketing abilities of its personnel.

Patent and other proprietary rights infringement claims are common in the semiconductor industry. There can be no assurance that, with respect to claims made against the Company, the Company could obtain a license on terms or under conditions that would not have a material adverse effect on the Company. See "Factors Affecting Future Results."

LICENSES AND AGREEMENTS

SEIKO EPSON/EPSON ELECTRONICS AMERICA, INC.

EEA, an affiliated U.S. distributor of Seiko Epson, has agreed to provide manufactured wafers to the Company in quantities based on six-month rolling forecasts provided by the Company. The Company has committed to buy certain minimum quantities of wafers per month. Wafers for the Company's products are manufactured in Japan at Seiko Epson's wafer fabrication facilities and are delivered to the Company by EEA. Prices for the wafers obtained from EEA are reviewed and adjusted periodically.

In July 1994, the Company entered into an advance production payment agreement with Seiko Epson and EEA, under which it advanced to Seiko Epson $42 million during fiscal 1995 to be used by Seiko Epson to finance additional sub-micron semiconductor wafer manufacturing capacity. Under the terms of the agreement, the advance is to be repaid in the form of advanced technology sub-micron semiconductor wafers. In conjunction with the advance production payment agreement, the Company also paid $2 million during fiscal 1995 for the development of sub-micron process technology and the fabrication of engineering wafers. These agreements call for wafers to be supplied by Seiko Epson through EEA pursuant to a purchase agreement concluded with EEA. As of April 3, 1999, all wafers pursuant to these agreements had been received by the Company.

In March 1997, the Company entered into a second advance production payment agreement with Seiko Epson and EEA under which it agreed to advance approximately $85 million, payable upon completion of specific milestones, to Seiko Epson to finance construction of an eight-inch sub-micron semiconductor wafer manufacturing facility. The timing of the payments is related to certain milestones in the development of the facility. Under the terms of the agreement, the advance is to be repaid with semiconductor wafers over a multi-year period. The agreement calls for wafers to be supplied by Seiko Epson through EEA pursuant to purchase agreements concluded with EEA. The Company also has an option under the agreement to advance Seiko Epson an additional $60 million for additional wafer supply under similar terms. The first payment under this agreement, approximately $17.0 million, was made during fiscal 1997. During fiscal 1998, the Company made two additional payments aggregating approximately $34.2 million.

UMC GROUP

The Company entered into a series of agreements with UMC in September 1995 pursuant to which the Company agreed to join UMC and several other companies to form a separate Taiwanese company, UICC, for the purpose of building and operating an advanced semiconductor manufacturing facility in Taiwan, Republic of China. Under the terms of the agreement, the Company invested approximately $49.7 million between fiscal 1996 and fiscal 1998 for an approximate 10% equity interest in UICC and the right to receive a percentage of the facility's wafer production at market prices.

In October 1997, the UICC foundry was substantially destroyed by fire. UMC, the majority owner of UICC, has informed the Company that this loss has been substantially recovered by an insurance settlement and additional investment income. In June 1999, the Board of Directors of UICC and the Board of Directors of UMC voted in favor of merging UICC into UMC. The matter is scheduled for a UMC shareholder vote in July 1999. The Company has received assurance that its capacity rights would be preserved in the event of this merger. Accordingly, management of the Company believes that its investment in UICC is not impaired.

FACTORS AFFECTING FUTURE RESULTS

Notwithstanding the objectives, projections, estimates and other forward-looking statements in this Annual Report, the Company's future operating results will continue to be subject to quarterly variations based on a wide variety of risks. These risks include, but are not limited to:

OUR WAFER SUPPLY COULD BE INTERRUPTED OR REDUCED AND RESULT IN A SHORTAGE OF FINISHED PRODUCTS AVAILABLE FOR SALE.

We do not manufacture finished silicon wafers. Currently all our silicon wafers are manufactured by Seiko Epson in Japan and the UMC Group, a group of affiliated companies in Taiwan. If Seiko Epson, through its U.S. affiliate Epson Electronics America, or the UMC Group significantly interrupts or reduces our wafer supply, our operating results would be adversely affected.

In the past, we have experienced delays in obtaining wafers and in securing supply commitments from our foundries. At present, we anticipate that our supply commitments are adequate. However, these existing supply commitments may not be sufficient for us to satisfy customer demand in future periods. Additionally, during times of capacity shortage, notwithstanding our supply commitments we may still have difficulty in obtaining wafer deliveries consistent with the supply commitments. We negotiate wafer prices and supply commitments on at least an annual basis. If Seiko Epson, Epson Electronics America or the UMC Group reduces our supply commitment or increases our wafer prices, and we cannot find alternative sources of wafer supply, our operating results could be adversely affected.

Many other factors that could disrupt our wafer supply are beyond our control. Since worldwide manufacturing capacity for silicon wafers is limited and inelastic, we could be adversely affected by significant industry wide increases in overall wafer demand or interruptions in wafer supply. Additionally, a disruption of Seiko Epson's or the UMC Group's foundry operations as a result of a fire, earthquake or other natural disaster would disrupt our wafer supply and would have an adverse effect on our operating results.

IF OUR FOUNDRY PARTNERS EXPERIENCE QUALITY OR YIELD PROBLEMS, WE MAY FACE A SHORTAGE OF FINISHED PRODUCTS AVAILABLE FOR SALE.

We depend on our foundries to deliver reliable silicon wafers with acceptable yields in a timely manner. As is common in our industry, we have experienced wafer yield problems and delivery delays in the past. If our foundries are unable to produce silicon wafers that meet our specifications, with acceptable yields, for a prolonged period, our operating results could be adversely affected.

Substantially all of our revenues are derived from products based on a specialized silicon wafer manufacturing process technology called E2CMOS-Registered Trademark-. The reliable manufacture of high performance E2CMOS semiconductor wafers is a complicated and technically demanding process requiring:

- a high degree of technical skill;
- state-of-the-art equipment;
- the absence of defects in the masks used to print circuits on a wafer;
- the elimination of minute impurities and errors in each step of the fabrication process; and
- effective cooperation between the wafer supplier and the circuit designer.

As a result, our foundries may experience difficulties in achieving acceptable quality and yield levels when manufacturing our silicon wafers.

OUR PRODUCTS MAY NOT BE COMPETITIVE IF WE ARE UNSUCCESSFUL IN MIGRATING OUR MANUFACTURING PROCESSES TO MORE ADVANCED TECHNOLOGIES.

In order to develop new products and maintain the competitiveness of existing products, we need to migrate to more advanced wafer manufacturing processes that utilize larger wafer sizes and smaller device geometries. We may also utilize additional foundries. Since we depend upon foundries to provide their facilities and support for our process technology development, we may experience delays in the availability of advanced wafer manufacturing process technologies at existing or new wafer fabrication facilities. As a result, volume production of our advanced E2CMOS-Registered Trademark- process technologies at the new fabs of Seiko Epson, the UMC Group or future foundries may not be achieved. This could have an adverse effect on our operating results.

WE MAY BE UNSUCCESSFUL IN DEFINING AND DEVELOPING NEW PRODUCTS REQUIRED TO MAINTAIN OR GROW OUR BUSINESS.

As a semiconductor company, we operate in a dynamic environment marked by rapid product obsolescence. Our future success depends on our ability to introduce new or improved products that meet customer needs while achieving acceptable margins. If we fail to introduce these new products in a timely manner or these products fail to achieve market acceptance, our business and financial condition will be adversely affected.

The introduction of new products in a dynamic market environment presents significant business challenges. Product development commitments and expenditures must be made well in advance of product sales. The success of a new product depends on accurate forecasts of long-term market demand and future technology developments.

Our future revenue growth is dependent on market acceptance of our new proprietary ISP-TM- product families and the continued market acceptance of our proprietary software development tools. The success of these products is dependent on a variety of specific technical factors including:

- successful product definition;
- timely and efficient completion of product design;

- - timely and efficient implementation of wafer manufacturing and assembly processes;
- - product performance; and
- - the quality and reliability of the product.

If, due to these or other factors, our new ISP products do not achieve market acceptance, our business and financial condition will be adversely affected.

WE MAY EXPERIENCE UNEXPECTED DIFFICULTIES INTEGRATING VANTIS CORPORATION.

Integration of Vantis has begun. If integration is unsuccessful, or more difficult, or more time consuming than originally planned, we may incur unexpected disruptions to our ongoing business. These disruptions may have an adverse effect on our operations and financial results. Further, the following specific factors may adversely affect our ability to smoothly and quickly integrate the business of Vantis:

- - We may experience unexpected losses of key employees or customers;

- - We may experience difficulties and delays in conforming the standards, processes, procedures and controls of our two businesses;

- - We may experience unexpected costs and discover unexpected liabilities;

- - We may not receive product manufacturing and administrative services from Vantis former parent corporation, AMD at a level of quality and timeliness consistent with the historical delivery of this support;

- - We may not achieve expected levels of revenue growth, cost reduction and profitability improvement; and

- - We may not be able to coordinate our new product and process development in a way which permits us to bring new technologies to the market in a timely manner.

CONTINUED DETERIORATION OF CONDITIONS IN ASIA MAY DISRUPT OUR EXISTING SUPPLY ARRANGEMENTS AND RESULT IN A SHORTAGE OF FINISHED PRODUCTS AVAILABLE FOR SALE.

Our two silicon wafer suppliers operate fabs located in Asia. Our finished silicon wafers are assembled and tested by independent subcontractors located in Hong Kong, Malaysia, the Philippines, South Korea and Taiwan. A prolonged interruption in our supply from any of these subcontractors could have an adverse effect on our operating results.

Although we have yet not experienced significant supply interruptions, the economic, financial, social and political situation in Asia has recently been volatile. Financial difficulties, governmental actions or restrictions, prolonged work stoppages or any other difficulties experienced by these suppliers may disrupt our supply and could have an adverse effect on our operating results.

Our wafer purchases from Seiko Epson are denominated in Japanese yen. The value of the dollar with respect to the yen has fluctuated in the past and may not remain stable in the future. Future substantial deterioration of dollar-yen exchange rates could have an adverse effect on our operating results.

EXPORT SALES ACCOUNT FOR A SUBSTANTIAL PORTION OF OUR REVENUES AND MAY DECLINE IN THE FUTURE DUE TO ECONOMIC AND GOVERNMENTAL UNCERTAINTIES.

Our export sales are affected by unique risks frequently associated with foreign economies including:
- - changes in local economic conditions;

- - exchange rate volatility;
- - governmental controls and trade restrictions;
- - export license requirements and restrictions on the export of technology;
- - political instability;
- - changes in tax rates, tariffs or freight rates;
- - interruptions in air transportation; and
- - difficulties in staffing and managing foreign sales offices.

For example, our export sales have recently been affected by the Asian economic crisis. Significant changes in the economic climate in the foreign countries where we derive our export sales could have an adverse effect on our operating results.

IF OUR ASSEMBLY AND TEST SUBCONTRACTORS EXPERIENCE QUALITY OR YIELD PROBLEMS, WE MAY FACE A SHORTAGE OF FINISHED PRODUCTS AVAILABLE FOR SALE.

We rely on subcontractors to assemble and test our devices with acceptable quality and yield levels. As is common in our industry, we have experienced quality and yield problems in the past. If we experience prolonged quality or yield problems in the future, there could be an adverse affect on our operating results.

The majority of our revenue is derived from semiconductor devices assembled in advanced packages. The assembly of advanced packages is a complex process requiring:

- - a high degree of technical skill;
- - state-of-the-art equipment;
- - the absence of defects in lead frames used to attach semiconductor devices to the package;
- - the elimination of raw material impurities and errors in each step of the process; and
- - effective cooperation between the assembly subcontractor and the device manufacturer.

As a result, our subcontractors may experience difficulties in achieving acceptable quality and yield levels when assembling and testing our semiconductor devices.

THE CYCLICAL NATURE OF THE SEMICONDUCTOR INDUSTRY MAY LIMIT OUR ABILITY TO MAINTAIN OR GROW REVENUE AND PROFIT LEVELS DURING FUTURE INDUSTRY DOWNTURNS.

The semiconductor industry is highly cyclical, to a greater extent than other less dynamic or less technology-driven industries. In the past, our financial performance has been negatively affected by significant downturns in the semiconductor industry as a result of:

- - the cyclical nature of the demand for the products of semiconductor customers;
- - general reductions in inventory levels by customers;
- - excess production capacity; and
- - accelerated declines in average selling prices.

If these or other conditions in the semiconductor industry occur in the future, there could be an adverse effect on our operating results.

OUR STOCK PRICE MAY CONTINUE TO EXPERIENCE LARGE SHORT-TERM FLUCTUATIONS WHICH MAY RESULT IN INVESTORS LOSING ALL OR PART OF THEIR INVESTMENT.

In recent years, the price of our common stock has fluctuated greatly. These price fluctuations have been rapid and severe and have left investors little time to react. The price of our common stock may continue to fluctuate greatly in the future due to a variety of company specific factors, including:

- quarter to quarter variations in our operating results;
- shortfalls in revenues or earnings from levels expected by securities analysts;
- announcements of technological innovations or new products by other companies.

WE MAY NOT BE ABLE TO SUCCESSFULLY COMPETE IN THE HIGHLY COMPETITIVE SEMICONDUCTOR INDUSTRY.

The semiconductor industry is intensely competitive and many of our direct and indirect competitors have substantially greater financial, technological, manufacturing, marketing and sales resources. If we are unable to compete successfully in this environment, our future results will be adversely affected.

The current level of competition in the programmable logic market is high and may increase as our market expands. We currently compete directly with companies that have licensed our products and technology or have developed similar products. We also compete indirectly with numerous semiconductor companies that offer products and solutions based on alternative technologies. These direct and indirect competitors are established multinational semiconductor companies as well as emerging companies. We also may experience significant competition from foreign companies in the future.

WE MAY FAIL TO RETAIN OR ATTRACT THE SPECIALIZED TECHNICAL AND MANAGEMENT PERSONNEL REQUIRED TO SUCCESSFULLY OPERATE OUR BUSINESS.

To a greater degree than most non-technology companies or larger technology companies, our future success depends on our ability to attract and retain highly qualified technical and management personnel. As a mid-sized company, we are particularly dependent on a relatively small group of key employees. Competition for skilled technical and management employees is intense within our industry. As a result, we may not be able to retain our existing key technical and management personnel. In addition, we may not be able to attract additional qualified employees in the future. If we are unable to retain existing key employees or are unable to hire new qualified employees, our operating results could be adversely affected.

IF WE ARE NOT ABLE TO ADEQUATELY PROTECT OUR INTELLECTUAL PROPERTY RIGHTS OUR FINANCIAL RESULTS AND COMPETITIVE POSITION MAY SUFFER.

Our success depends in part on our proprietary technology. However, we may fail to adequately protect this technology. As a result, we may lose our competitive position or face significant expense to protect or enforce our intellectual property rights.

We intend to continue to protect our proprietary technology through patents, copyrights and trade secrets. Despite this intention, we may not be successful in achieving adequate protection. Claims allowed on any of our patents may not be sufficiently broad to protect our technology. Patents issued to us also may be challenged, invalidated or circumvented. Finally, our competitors may develop similar technology independently.

Companies in the semiconductor industry vigorously pursue their intellectual property rights. If we become involved in protracted intellectual property disputes or litigation we may utilize substantial financial and management resources, which could have an adverse effect on our operating results. We may also be subject to future intellectual property claims or judgements. If these were to occur, we may not be able to obtain a license on favorable terms or without our operating results being adversely affected.

YEAR 2000 COMPLIANCE

The Company is currently working to address the potential impact of the Year 2000 on the processing of information by the Company's computerized systems, including interfaces to its business partners.

In June 1999, the Company completed its planned Year 2000 compliance activities with respect to its products and internal systems, software, equipment and facilities. Based solely on these activities, management believes that all products and material internal systems, software, equipment and facilities are currently Year 2000 compliant. The Company does not anticipate that potential Year 2000 issues will have a material adverse impact on the Company's financial position or operating results. In aggregate, approximately $2 million in expenses were incurred to fund Year 2000 compliance activities.

However, the Company could be adversely impacted if any of our critical business partners were to experience a severe business interruption due to a failure to address their internal Year 2000 issues in a timely manner. The most reasonably likely worst case Year 2000 scenario is a temporary disruption in supplier deliveries or customer shipments. If a severe disruption occurs in either of these two areas and is not corrected in a timely manner, a revenue or profit shortfall may result in the first half of calendar year 2000. Based solely on responses received to date from our business partners, the Company has no reason to believe that there will be such a material adverse impact. However, if the responses received from our business partners are inaccurate or happen to change, then there could be such a material adverse impact. Management plans to evaluate Year 2000 business interruption scenarios and develop appropriate contingency plans by September 1999.

EMPLOYEES

As of April 3, 1999 the Company had 546 full-time employees. The Company believes that its future success will depend, in part, on its ability to continue to attract and retain highly skilled technical and management personnel. None of the Company's employees is subject to a collective bargaining agreement. The Company has never experienced a work stoppage and considers its employee relations good.

ITEM 2. PROPERTIES.

The Company's corporate headquarters are located in three adjacent buildings owned by the Company in Hillsboro, Oregon comprising a total of approximately 200,000 square feet. The Company leases, through 2001, a 41,000 square foot product development facility in Milpitas, California. The Company owns a 13,000 square foot research and development facility and approximately 6,000 square feet of dormitory facilities in Shanghai, China. The Company recently opened a third design center in Corsham, England in a facility leased on a short-term basis. The Company leases, on a short-term basis, office facilities for its domestic and international sales offices.

Vantis leases corporate headquarter facilities in Sunnyvale, California, as well as research and development facilities in Texas and Colorado, and sales offices worldwide.

ITEM 3. LEGAL PROCEEDINGS.

ADVANCED MICRO DEVICES, INC. V. ALTERA CORPORATION (CASE NO. C-94-20567-RMW, N. D. CAL.). This litigation, which began in 1994, involves multiple claims and counterclaims for patent infringement relating to Vantis Corporation's (formerly a wholly owned subsidiary of Advanced Micro Devices, Inc. ("AMD")) and Altera Corporation's programmable logic devices. The Company assumed this litigation in its acquisition from AMD of Vantis Corporation. In April 1999, the Federal Court of Appeal reversed the earlier jury and Court decisions and held that Altera is not licensed to the eight AMD patents-in-suit. Also in April 1999, and following the decision of the Federal Court of appeal, Altera filed a petition for rehearing. In June 1999, the Federal Court of Appeal denied Altera's petition for rehearing.

In connection with its acquisition of Vantis Corporation, Lattice has agreed to assume both the claims against Altera and the claims by Altera against AMD. Although there can be no assurance as to the results of such litigation, based upon information presently known to management, we do not believe that the ultimate resolution of this lawsuit will have a material adverse effect on our business. The foregoing statement constitutes a forward-looking statement and the actual results may differ materially depending on a number of factors, including new court decisions and additional counterclaims made by other parties to such litigation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 4(a). EXECUTIVE OFFICERS OF THE REGISTRANT.

As of June 14, 1999, the executive officers of the Company are as set forth below.

Name	Age	Position
Cyrus Y. Tsui	53	President, Chief Executive Officer and Chairman of the Board
Steven A. Laub	40	Senior Vice President and Chief Operating Officer
Stephen A. Skaggs	36	Senior Vice President, Chief Financial Officer and Secretary
Stephen M. Donovan	48	Corporate Vice President, Sales
Jonathan K. Yu	58	Corporate Vice President, Business Development
Martin R. Baker	43	Vice President and General Counsel
Randy D. Baker	40	Vice President, Manufacturing
Albert L. Chan	49	Vice President and General Manager, Lattice Silicon Valley
Thomas J. Kingzett	52	Vice President, Reliability and Quality Assurance
Stanley J. Kopec	48	Vice President, Corporate Marketing
Rodney F. Sloss	55	Vice President, Finance
Kenneth K. Yu	51	Vice President and Managing Director, Lattice Asia

Executive officers of the Company are appointed by the Board of Directors to serve at the discretion of the Board and hold office until the officers' successors are appointed.

Cyrus Y. Tsui joined the Company in September 1988 as President, Chief Executive Officer and Director, and in March 1991 was named Chairman of the Board. From 1987 until he joined the Company, Mr. Tsui was Corporate Vice President and General Manager of the Programmable Logic Division of AMD. He was Vice President and General Manager of the Commercial Products Division of Monolithic Memories Incorporated from 1983 until the merger with AMD in 1987. Mr. Tsui has held technical and managerial positions in the semiconductor industry for over 30 years. He has worked in the programmable logic industry since its inception.

Steven A. Laub joined the Company in June 1990 as Vice President and General Manager. He was elected Senior Vice President and Chief Operating Officer in August 1996.

Stephen A. Skaggs joined the Company in December 1992 as Director, Corporate Development. He was elected Senior Vice President, Chief Financial Officer and Secretary in August 1996.

Stephen M. Donovan joined the Company in October 1989 and has served as Director of Marketing and Director of International Sales. He was elected Vice President, International Sales in August 1993. He was elected Corporate Vice President, Sales, in May 1998. Mr. Donovan has worked in the programmable logic industry since 1982.

Jonathan K. Yu joined the Company in February 1992 as Vice President, Operations. He was elected Corporate Vice President, Business Development in August 1996. Mr. Yu has held technical and managerial positions in the semiconductor industry for over 30 years.

Martin R. Baker joined the Company in January 1997 as Vice President and General Counsel. From 1991 until he joined the Company, Mr. Baker held legal positions with Altera Corporation.

Randy D. Baker joined the Company in April 1985 as Manager, Manufacturing and was promoted in 1988 to Director, Manufacturing. He was elected Vice President, Manufacturing in August 1996. Mr. Baker has worked in the semiconductor industry for over 15 years.

Albert L. Chan joined the Company in May 1989 as California Design Center Manager and was promoted in 1991 to Director, California Product Development Center. He was elected Vice President, California Product Development in August 1993. He was elected Vice President and General Manager, Lattice Silicon Valley, in August 1997. Mr. Chan has worked in the programmable logic industry since 1983.

Thomas J. Kingzett joined the Company in July 1992 as Director, Reliability and Quality Assurance. He was elected Vice President, Reliability and Quality Assurance in May 1998. Mr. Kingzett has worked in the semiconductor industry for over 25 years.

Stanley J. Kopec joined the Company in August 1992 as Director, Marketing. He was elected Vice President, Corporate Marketing in May 1998. Mr. Kopec has worked in the programmable logic industry since 1985.

Rodney F. Sloss joined the Company in May 1994 as Vice President, Finance. Prior to joining the Company, Mr. Sloss served as Chief Financial Officer of The Alexander Haagen Company, a real estate developer.

Kenneth K. Yu joined the Company in January 1991 as Director of Process Technology. He has served as Managing Director, Lattice Asia since November 1992 and was elected Vice President, Lattice Asia in August 1993. Mr. Yu has held technical and managerial positions in the semiconductor industry for over 25 years.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

The Company's common stock is traded on the over-the-counter market and prices are quoted on the Nasdaq National Market under the symbol "LSCC". The following table sets forth the high and low sale prices for the common stock for the last two fiscal years and for the period since April 3, 1999. On June 17, 1999, the last reported sale price of the common stock was $57 3/4. As of June 17, 1999, the Company had approximately 311 stockholders of record.

	High	Low
Fiscal 1998:		
First Quarter.	$62 5/8	$41 1/2
Second Quarter	74 1/2	54 7/8
Third Quarter.	67 1/2	45
Fourth Quarter	57	39 3/4
Fiscal 1999:		
First Quarter.	$54 5/8	$25 5/8
Second Quarter	36 5/8	23 1/4
Third Quarter.	46 1/2	18 7/8
Fourth Quarter	56 5/16	37 3/4
Fiscal 2000:		
First Quarter (through June 28, 1999). . .	$61 7/8	$38 1/16

The payment of dividends on the common stock is within the discretion of the Company's Board of Directors. The Company intends to retain earnings to finance the growth of its business. The Company has not paid cash dividends on its common stock and the Board of Directors does not expect to declare cash dividends on the common stock in the near future.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this Item is set forth in the Company's 1999 Annual Report to Stockholders at page 15 under the caption "Selected Financial Data", which information is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this Item is set forth in the Company's 1999 Annual Report to Stockholders at pages 10 through 14 under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations", which information is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As of April 3, 1999 and March 28, 1998, the Company's investment portfolio consisted of fixed income securities of $293.4 million and $245.5 million respectively. As with all fixed income instruments, these securities are subject to interest rate risk and will decline in value if market interest rates increase. If market rates were to increase immediately and uniformly by 10% from levels as of April 3, 1999 and March 28, 1998, the decline in the fair value of the portfolio would not be material. Further, the Company has the ability to hold its fixed income investments until maturity and, therefore, the Company would not expect to recognize such an adverse impact in income or cash flows.

The Company has international subsidiary and branch operations. Additionally, the majority of the Company's silicon wafer purchases are denominated in Japanese yen. The Company is therefore subject to foreign currency rate exposure. To mitigate rate exposure with respect to yen-denominated wafer purchases, the Company maintains yen-denominated bank accounts and bills it Japanese customers in yen. The yen bank deposits are utilized to hedge yen-denominated wafer purchases against specific and firm wafer purchases. If the foreign currency rates fluctuate by 10% from rates at April 3, 1999 and March 28, 1998, the effect on the company's consolidated financial statements would not be material. However, there can be no assurance that there will not be a material impact in the future.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

FINANCIAL STATEMENTS

The information required by this Item is set forth in the Company's 1999 Annual Report to Stockholders, at pages 16 through 27, which information is incorporated herein by reference.

	Page
FINANCIAL STATEMENT SCHEDULES	
Report of Independent Accountants on Financial Statement Schedule	S-1
Schedule VIII - Valuation and qualifying accounts	S-2

No other schedules are included because the required information is inapplicable, not required or is presented in the financial statements or related notes thereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

With the exception of the information expressly incorporated by reference from the Annual Report to Stockholders into Parts II and IV of this Form 10-K, the Company's Annual Report to Stockholders is not to be deemed filed as part of this Report.

PART III

Certain information required by Part III is omitted from this Report in that the Company will file its definitive proxy statement for the Annual Meeting of Stockholders to be held on August 9, 1999, pursuant to Regulation 14A of the Securities Exchange Act of 1934 (the "Proxy Statement"), not later than 120 days after the end of the fiscal year covered by this Report, and certain information included in the Proxy Statement is incorporated herein by reference. With the exception of the information expressly incorporated by reference from the Proxy Statement, the Company's Proxy Statement is not to be deemed filed as a part of this report.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this Item with respect to directors of the Company is included under "Proposal 1: Election of Directors" in the Company's Proxy Statement, which information is incorporated herein by reference. Information with respect to executive officers of the Company is included under Item 4(a) of Part I of this Report and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item with respect to executive compensation is included under "Proposal 1: Election of Directors-Directors," "Executive Compensation" and "Comparison of Total Cumulative Stockholder Return" in the Company's Proxy Statement, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item is included in the Company's Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management", which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item is included under "Proposal 1: Election of Directors - Transactions with Management" in the Company's Proxy Statement, which information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a)(1) and (2) FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES.

The information required by this Item is included under Item 8 of this Report.

(a)(3) EXHIBITS.

3.1 The Company's Certificate of Incorporation, as amended (including (i) the Company's Certificate Eliminating Matters set forth in Certificates of Designation with respect to Series A, Series B, Series D and Series E, dated February 15, 1990; (ii) the Company's Restated Certificate of Incorporation, as amended, incorporated by reference to Exhibit 3.1 filed with the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1990; (iii) the Company's Certificate of Designation of Rights, Preferences and Privileges of Series A participating Preferred Stock incorporated by reference to Exhibit 1 filed with the Company's Registration Statement on Form 8-A on September 13, 1991; and (iv) the Certificate of Amendment, dated September 8, 1993, of the Company's Certificate of Incorporation, filed as an exhibit hereto).

3.2 The Company's Bylaws, as amended (including (i) the Company's Amended Bylaws, incorporated by reference to Exhibit 3.2 filed with the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 1991; (ii) Amendment to the Company's Bylaws authorized by the Board of Directors on May 24, 1991, filed as an exhibit hereto; (iii) Amendment to the Company's Bylaws authorized by the Board of Directors on May 16, 1995, filed as an exhibit hereto; and (iv) Amendment to the Company's Bylaws authorized by the Board of Directors on February 4, 1997, filed as an exhibit hereto).

4.1 Preferred Shares Rights Agreement dated as of September 11, 1991 between Lattice Semiconductor Corporation and First Interstate Bank of Oregon, N.A., as Rights Agent (Incorporated by reference to Exhibit 1 filed with the Company's Registration Statement on Form 8-A on September 13, 1991).

10.3 Patent License Agreement dated November 10, 1989 between Monolithic Memories, Inc. and Lattice Semiconductor Corporation, as amended (Incorporated by reference to Exhibit 10.3, File No. 33-31231).(1)

10.7 Form of Distributor Agreement (Incorporated by reference to Exhibit 10.6, File No. 33-31231).

10.9 * Lattice Semiconductor Corporation 1988 Stock Incentive Plan, as amended (Incorporated by reference to Exhibit 10.9 filed with the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 1992).

10.10 * Form of Stock Option Agreement (Incorporated by reference to Exhibit 10.9, File No. 33-31231).

10.11 * Employment Letter dated September 2, 1988 from Lattice Semiconductor Corporation to Cyrus Y. Tsui (Incorporated by reference to Exhibit 10.10, File No. 33-31231).

10.12 Form of Proprietary Rights Agreement (Incorporated by reference Exhibit 10.11, File No. 33-31231).

10.13 * Outside Directors Compensation Plan (Incorporated by reference to Exhibit 10.12, File No. 33-31231).

10.14 * Amended Outside Directors Stock Option Plan (Incorporated by reference to Exhibit 10.13, File No. 33-35427).

10.15 * 1993 Outside Directors Stock Option Plan (Incorporated by reference to Exhibit 10.15 filed with the Company's Annual Report on Form 10-K for the fiscal year ended April 3, 1993).

10.16 * Employee Stock Purchase Plan, as amended (Incorporated by reference to Exhibit 10.16 filed with the Company's Annual Report on Form 10-K for the fiscal year ended April 3, 1993).

10.17 Advance Production Payment Agreement dated July 5, 1994 among Lattice Semiconductor Corporation and Seiko Epson Corporation and S MOS Systems, Inc. (Incorporated by reference to Exhibit 10.17 filed with the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 1995).(1)

10.18 Engineering Payment Agreement dated July 5, 1994 among Lattice Semiconductor Corporation and Seiko Epson Corporation and S MOS Systems, Inc. (Incorporated by reference to Exhibit 10.18 filed with the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 1995.

10.19 Bridge Capacity Letter dated September 12, 1995 between Lattice Semiconductor Corporation and United Microelectronics Corporation. (Incorporated by reference to Exhibit 10.1 filed with the Company's Current Report on Form 8-K dated September 28, 1995)(1).

10.20 Foundry Venture Side Letter dated September 13, 1995 among Lattice Semiconductor Corporation, United Microelectronics Corporation and FabVen (Incorporated by reference to Exhibit 10.2 filed with the Company's Current Report on Form 8-K dated September 28, 1995)(1).

10.21 FabVen Foundry Capacity Agreement dated as of August ___, 1995 among FabVen, United Microelectronics Corporation and Lattice Semiconductor Corporation (Incorporated by reference to Exhibit 10.3 filed with the Company's Current Report on Form 8-K dated September 28, 1995)(1).

10.22 Foundry Venture Agreement dated as of August ___, 1995, between Lattice Semiconductor Corporation and United Microelectronics Corporation (Incorporated by reference to Exhibit 10.4 filed with the Company's Current Report on Form 8-K dated September 28, 1995)(1).

10.23 Advance Production Payment Agreement dated March 17, 1997 among Lattice Semiconductor Corporation and Seiko Epson Corporation and S MOS Systems, Inc. (Incorporated by reference to Exhibit 10.23 filed with the Company's Annual Report on Form 10-K for the fiscal year ended March 29, 1997)(1).

10.24 * Lattice Semiconductor Corporation 1996 Stock Incentive Plan (Incorporated by reference to Exhibit 4.1 filed on Form S-8 dated November 7, 1996).

10.25 Form of North America Sales Representative Agreement. (Incorporated by reference to Exhibit 10.25 filed with the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 1998).

10.26 Stock Purchase Agreement dated as of April 21, 1999 by and between Lattice Semiconductor Corporation and Advanced Micro Devices, Inc. (Incorporated by reference to Exhibit 2.1 filed with the Company's Current Report on Form 8-K dated April 21, 1999).

10.27 First Amendment to Stock Purchase Agreement dated as of June 7, 1999 entered into by and between Lattice Semiconductor Corporation and Advanced Micro Devices, Inc.

10.28 Second Amendment to Stock Purchase Agreement dated as of June 15, 1999 entered into by and between Lattice Semiconductor Corporation and Advanced Micro Devices, Inc.

10.29 Form 8-K for Lattice Semiconductor Corporation regarding June 15, 1999 acquisition of Vantis Corporation (Incorporated by reference to Company's Current Report on Form 8-K dated June 15, 1999 and filed June 25, 1999).

11.1 Computation of Net Income Per Share(2).

13.1 1999 Annual Report to Stockholders.

21.1 Subsidiaries of the Registrant.

23.1 Consent of Independent Accountants.

24.1 Power of Attorney (see pages 27-28).

27.1 Financial Data Schedule for Year Ended April 3, 1999.

____

(1) Pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, confidential treatment has been granted to portions of this exhibit, which portions have been deleted and filed separately with the Securities and Exchange Commission.

(2) Incorporated by reference to Note 1 to the Consolidated Financial Statements in the Company's Annual Report to Stockholders for the fiscal year ended April 3, 1999.

*   Management contract or compensatory plan or arrangement required to be filed as an Exhibit to this Annual Report on Form 10-K pursuant to Item 14(c) thereof.

(b) No reports on Form 8-K were filed during the last quarter of fiscal 1999.

(c) See (a)(3) above.

(d) See (a)(1) and (2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Hillsboro, State of Oregon, on the 1st of July, 1999.

LATTICE SEMICONDUCTOR CORPORATION

By: /s/Stephen A. Skaggs

Stephen A. Skaggs, Senior Vice President, Chief Financial Officer and Secretary

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Cyrus Y. Tsui and Stephen A. Skaggs, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on the 1st day of July, 1999 on behalf of the Registrant and in the capacities indicated:

Signature	Title
/s/Cyrus Y. Tsui Cyrus Y. Tsui	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
/s/Stephen A. Skaggs Stephen A. Skaggs	Senior Vice President, Chief Financial Officer and Secretary (Principal Financial Officer)
/s/Mark O. Hatfield Mark O. Hatfield	Director
/s/Daniel S. Hauer Daniel S. Hauer	Director

Signature	Title
/s/Harry A. Merlo Harry A. Merlo	Director
/s/Larry W. Sonsini Larry W. Sonsini	Director
/s/Douglas C. Strain Douglas C. Strain	Director

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of Lattice Semiconductor Corporation

Our audits of the consolidated financial statements referred to in our report dated April 21, 1999, except as to Note 13, which is as of June 15, 1999 appearing in the Annual Report to Stockholders of Lattice Semiconductor Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Portland, Oregon
April 21, 1999

SCHEDULE VIII

LATTICE SEMICONDUCTOR CORPORATION

VALUATION AND QUALIFYING ACCOUNTS

(IN THOUSANDS)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS (DESCRIBE)	WRITE-OFFS NET OF RECOVERIES	BALANCE AT END OF PERIOD
Year ended March 29, 1997:					
Allowance for deferred tax asset.........	$2,336	$(340)	--	--	$1,996
Allowance for doubtful accounts..........	800	70	--	4	874
	$3,136	$ (270)	$ --	$ 4	$2,870
Year ended March 28, 1998:					
Allowance for deferred tax asset.........	$1,996	$ (205)	--	--	$1,791
Allowance for doubtful accounts..........	874	3	--	(80)	797
	$2,870	$ (202)	$ --	$ (80)	$2,588
Year ended April 3, 1999:					
Allowance for deferred tax asset.........	$1,791	$ (136)	--	--	$1,655
Allowance for doubtful accounts..........	797	70	--	14	881
	$2,588	$ (66)	$ --	$ 14	$2,536

Exhibit 10.27

FIRST AMENDMENT TO

STOCK PURCHASE AGREEMENT

This FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT dated as of June 7, 1999 is entered into by and between Lattice Semiconductor Corporation, a Delaware corporation ("Buyer"), and Advanced Micro Devices, Inc., a Delaware corporation ("Seller"). Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings assigned to them in the Stock Purchase Agreement, dated as of April 21, 1999, by and between Buyer and Seller (the "Stock Purchase Agreement").

RECITALS

A. Seller and Buyer entered into the Stock Purchase Agreement, whereby Seller has agreed to sell, and Buyer has agreed to purchase, all of the issued and outstanding capital stock of Vantis Corporation ("Vantis").

B. Seller and Buyer desire to amend certain terms of the Stock Purchase Agreement.

AGREEMENT

Now, therefore, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. AMENDMENT

Section 1.3 of the Stock Purchase Agreement shall be deleted in its entirety and replaced with the following:

> "1.3 The Closing. The Closing shall take place at the offices of Wilson, Sonsini, Goodrich & Rosati, 650 Page Mill Road, Palo Alto, California 94304-1050 on June 14, 1999, or as soon as practicable after all conditions specified in Articles VI, VII and VIII have been satisfied or waived in accordance with this Agreement, but not later than the fifth business day following the date that all conditions specified in Articles VI, VII and VIII have been satisfied or waived in accordance with this Agreement, or at such other place or on such other date as Seller and Buyer may mutually agree."

2. MISCELLANEOUS

a. STOCK PURCHASE AGREEMENT OTHERWISE NOT AFFECTED. Except as expressly amended pursuant hereto, the Stock Purchase Agreement shall remain unchanged and in full force and effect and is hereby ratified and confirmed in all respects.

b. AMENDMENT AND WAIVERS. This Amendment may be amended only by an agreement in writing executed on behalf of both Buyer and Seller. No waiver of any provision nor consent to any exception to the terms of the Amendment shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided.

c. INTEGRATION. This Amendment constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the parties in connection therewith.

d. NO ASSIGNMENT. Neither this Amendment nor any rights or obligations under it are assignable, except that Buyer may assign its rights, but not its obligations, hereunder to any wholly owned subsidiary of Buyer. Subject to the foregoing sentence, this Amendment is binding upon and inures to the benefit of and is enforceable by the parties hereto and their respective successors and permitted assigns.

e. COUNTERPARTS. This Amendment and any amendment hereto or any other agreement or document delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement or other document and shall become effective unless otherwise provided therein when one or more counterparts have been signed by each party and delivered to the other party.

f. SEVERABILITY. If any provision of this Amendment is determined to be invalid, illegal or unenforceable by any Governmental Entity, the remaining provisions of this Amendment shall remain in full force and effect provided that the essential terms and conditions of this Amendment for both parties remain valid, binding and enforceable. To the extent permitted by Law, the parties hereby to the same extent waive any provision of Law that renders any provision hereof prohibited or unenforceable in any respect.

g. PARTIES IN INTEREST. Except as set forth in Article 10 of the Stock Purchase Agreement with respect to Indemnified Parties, nothing in this Amendment, express of implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Amendment.

h. GOVERNING LAW. This Amendment, the legal relations between the parties and any Action, whether contractual or non-contractual, instituted by any party with respect to matters arising under or growing out of or in connection with or in respect of this Amendment shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State and without regard to conflicts of law doctrines.

IN WITNESS WHEREOF, each of Buyer and Seller has caused this Amendment to be executed by its duly authorized representation as of the date first above written.

BUYER:

LATTICE SEMICONDUCTOR CORPORATION,
a Delaware corporation

By:

Name: Steven A. Laub
Title: Chief Operating Officer

SELLER:

ADVANCED MICRO DEVICES, INC.
a Delaware corporation

By:

Name: Thomas M. McCoy, Esq
Title: Senior Vice President, General Counsel and Secretary

Exhibit 10.28

SECOND AMENDMENT TO

STOCK PURCHASE AGREEMENT

This SECOND AMENDMENT TO STOCK PURCHASE AGREEMENT dated as of June 15, 1999 is entered into by and between Lattice Semiconductor Corporation, a Delaware corporation ("Buyer"), and Advanced Micro Devices, Inc., a Delaware corporation ("Seller"). Unless otherwise defined herein, capitalized terms used herein shall have the respective meanings assigned to them in the Stock Purchase Agreement, dated as of April 21, 1999, by and between Buyer and Seller, as amended by the First Amendment to Stock Purchase Agreement dated as of June 7, 1999 (as amended, the "Stock Purchase Agreement").

RECITALS

A. Seller and Buyer entered into the Stock Purchase Agreement, whereby Seller has agreed to sell, and Buyer has agreed to purchase, all of the issued and outstanding capital stock of Vantis Corporation ("Vantis").

B. Seller and Buyer desire to amend certain terms of the Stock Purchase Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. AMENDMENTS

a. The fifth sentence of Section 1.2 of the Stock Purchase Agreement, describing the calculation of the Company Per Share Value, is hereby amended and restated as follows:

> "The Company Per Share Value shall equal the quotient determined by dividing the Estimated Purchase Price (as defined in Section 1.4) by the fully diluted number of shares of Company common stock outstanding immediately prior to the close of this transaction (reflecting all shares subject to Company Options (but excluding any shares subject to Company Options granted after April 21, 1999)), without applying the treasury method."

b. The final sentence of Section 1.2 of the Stock Purchase Agreement is hereby amended and restated as follows:

> "As soon as reasonably practicable, but in no event more than 90 days after the Closing Date, Buyer will issue to each person who immediately

prior to the Closing Date was a holder of Company Options a document evidencing the foregoing assumption of such option by Buyer."

c. Section 1.3 of the Stock Purchase Agreement is hereby amended by deleting Section 1.3 in its entirety and replacing it with the following:

"THE CLOSING. The Closing shall take place at the offices of Wilson, Sonsini, Goodrich & Rosati, 650 Page Mill Road, Palo Alto, California 94304-1050 on June 15, 1999, or as soon as practicable after all conditions specified in Articles VI, VII and VIII have been satisfied or waived in accordance with this Agreement, but not later than the fifth business day following the date that all conditions specified in Articles VI, VII and VIII have been satisfied or waived in accordance with this Agreement, or at such other place or on such other date as Seller and Buyer may mutually agree."

d. The heading of Section 5.2 of the Stock Purchase Agreement is hereby amended to read "No Rights to Seller Intellectual Property and Limited Trademark License."

e. Section 5.2 of the Stock Purchase Agreement is hereby amended to insert an "(a)" immediately prior to the text thereof.

f. Section 5.2 of the Stock Purchase Agreement is hereby amended to add new Section 5.2(b) as follows:

"(b) Seller hereby grants to Company and Buyer, for the period beginning on the Closing Date and ending on the last day of the fifteenth month following the Closing Date, a worldwide, non-exclusive, non-transferable license under the Transition Trademarks (as defined below) to use such trademarks in connection with documentation, collateral materials, packaging and sale of Transition Products (as defined below) in substantially the same manner that such trademarks were used by the Seller or Company prior to the Closing; provided, however, that no Transition Trademark shall be used in public advertising of any product, service or entity. Company shall maintain the quality of the goods with which such trademarks are used at the level maintained by Company or Seller prior to Closing. Without limiting the foregoing, neither Buyer nor Company shall use the Transition Trademarks in a manner that detracts from the goodwill associated with the use of such trademarks or in a manner contrary to the reasonable instructions of Seller. All goodwill associated with the use of such Transition Trademarks shall inure to the benefit of Seller. Buyer and Company agree to use commercially reasonable efforts to obtain or to effect customer qualifications of the Transition Products to remove the Transition Trademarks. For the purposes of this Section 5.2(b), (A) "Transition Products" means all products sold, offered for sale, or provided by Company prior to the

Closing including all such products in the Company's inventory as of the Closing Date, and (B) "Transition Trademarks" means all trademarks, logos, graphics, and trade dress of Seller used by Company prior to the Closing Date in connection with the marketing, sale, promotion and packaging of the Transition Products, other than those which are transferred to Company. Buyer shall indemnify and hold harmless Seller against any Loss arising out of any warranty or product liability claims asserted against Seller with respect to Transition Products sold by Company or Buyer after the Closing Date resulting from Buyers or Company's use of the Transition Marks, except to the extent that such claim arises from a breach by Seller or Company of any representation or warranty hereunder. The indemnity provided in this Section 5.2 shall be subject to Sections 10.3 and 10.4 of this Agreement but not the other provisions of Article X."

g. Section 5.8 of the Stock Purchase Agreement is hereby amended by adding a new sentence at the end of such Section, which shall read as follows:

"Notwithstanding any provision of this Agreement to the contrary, the lease identified as Item 1 to Schedule 5.8 (re "Premises at 985/995 Stewart Drive, Sunnyvale, California") shall be assigned immediately following the Closing Date pursuant to the Lease Assignment and Assumption Agreement in the form attached hereto as Exhibit 5.8(a)."

h. Section 5.14 of the Stock Purchase Agreement is hereby amended by deleting clause (a) of Section 5.14 and replacing it with the following:

"(a) Seller shall continue to use its best efforts to obtain such Approval from and after the Closing, subject (in the case of software licenses) to the Limit, as set forth in Section 5.16(c)."

i. Section 5.16 of the Stock Purchase Agreement is hereby amended by deleting Section 5.16(a) in its entirety and replacing it with the following:

"(a) This Section 5.16 does not apply to Intellectual Property or trade secrets, except that this Section 5.16 does apply to the Intellectual Property of the type described in clause (i)(B) or (i)(C) of Section 2.8(b) (the "Applicable Intellectual Property") identified on the Schedule to clause (i) of Section 2.8(b) and the Applicable Intellectual Property referred to in the board resolutions identified in Section 5.16(b)(i) (or the attachments thereto) and the unregistered trademarks listed on the Schedule to clause (i) of Section 2.8(b).

j. Section 5.16 of the Stock Purchase Agreement is hereby amended by deleting Section 5.16(c) in its entirety and replacing it with the following:

"(c) To the extent any Other Business Assets have not been assigned and transferred prior to Closing, Seller shall take such additionally commercially reasonable actions after the Closing to effect such assignments and transfers as are reasonably requested by Buyer (or, in the case of any third party software licenses, replace such license); provided, however, that with respect to the transfer and assignment of any third party software licenses contemplated by this Section 5.16 or Section 5.14(a), or otherwise necessary or used to conduct the Business (unless only necessary or used to conduct the bi-polar programmable logic device business) as conducted prior to the Closing (but without reliance on the rights of Seller or any of its Affiliates, other than the Company) (collectively, "Third Party Licenses"), Seller shall use commercially reasonable actions after the Closing to effect such assignments and transfers (or replace the licenses with substantially similar licenses). Buyer may make arrangements for the transfer or assignment of Third Party Licenses (or the replacement thereof with substantially similar licenses) and Seller shall reimburse Buyer any sums paid to third party licensors for such transfers, assignments and replacements; provided that this sentence shall not apply to the EDA Software licenses from Cadence Design Systems, Inc. (the "Cadence Licenses"). Notwithstanding the foregoing, Seller shall not be obligated to pay to third party licensors and/or reimburse Buyer amounts (other than amounts in respect of the Cadence Licenses) in excess of $800,000 in the aggregate for all such assignments, transfers, replacements or reimbursements (the "Limit"). In addition, Seller's obligations to expend sums for the assignment, transfer or replacement of Third Party Licenses shall terminate on the first anniversary of the Closing Date. Payments made by Seller to licensors for the assignment, transfer or replacement of Third Party Licenses, which are subject to the Limit, shall not be made without the consent of Buyer, which consent shall not be unreasonably withheld."

k. Section 5.16(d) of the Stock Purchase Agreement is hereby amended by deleting Section 5.16(d) in its entirety and replacing it with the following:

"(d) Subject to the limitations set forth in Section 5.16(c), the assignments and transfers pursuant to this Section 5.16 shall be at no cost to Buyer, Company or their respective subsidiaries and Affiliates; provided, however, that the transfer by Seller and purchase by Company of certain leasehold improvements at Stewart Drive, Sunnyvale, California at or prior to the Closing shall take place for $3,768,000."

l. Section 5.16 of the Stock Purchase Agreement is hereby amended by adding a new Section 5.16(e) immediately after Section 15.16(d), which shall read in its entirety as follows:

"(e) Seller will execute or cause its controlled Affiliates to execute, if applicable, all such further assignments and other documents as are reasonably requested by Buyer to give effect to, record and evidence any assignments and transfers required to be made pursuant hereto or

Section 5.15 at no cost to Buyer, Company or their respective subsidiaries and Affiliates."

m. Section 13.2 of the Stock Purchase Agreement is hereby amended by deleting the penultimate sentence of the definition of "Agreed Accounting Principles" and inserting in lieu thereof the following:

> "Except for the purchase of certain leasehold improvements contemplated by the proviso of Section 5.16(d), which shall be valued at $3,768,000, assets contributed to Company or any Subsidiary by Seller or any of its controlled Affiliates after the date hereof will be valued at zero."

n. Section 13.2 of the Stock Purchase Agreement is hereby amended by deleting the first sentence of the definition of "Business" which reads " `Business' means the business of Company and the Subsidiaries taken as a whole, and shall be deemed to include the following incidents of such business: income, cash flow, operations, condition (financial or other), assets, properties, revenues and liabilities" and replacing it with the following:

> " `Business' means the business of Company and the Subsidiaries taken as a whole (including the bi-polar programmable logic device business of Seller, whether or not previously included in the business of the Company and the Subsidiaries), and shall be deemed to include the following incidents of such business: income, cash flow, operations, condition (financial or other), assets, properties, revenues and liabilities."

o. Section 1.4 of the Stock Purchase Agreement is hereby amended by deleting the second sentence of such Section which reads "Not later than five business days prior to the Closing Date, Seller shall deliver to Buyer a written notice setting forth Seller's good faith estimate (applying the Agreed Accounting Principles) as of the Closing Date of the Closing Equity Adjustment Amount (the "Estimated Closing Equity Adjustment Amount") and, based thereon, Seller's calculation of the Estimated Purchase Price, which shall be binding on Buyer and Seller as the Estimated Purchase Price hereunder absent manifest error" and replacing it with the following:

> "Not later than five business days prior to the Closing Date, Seller shall deliver to Buyer a written notice setting forth Seller's good faith estimate (applying the Agreed Accounting Principles), which estimate shall be based upon a balance sheet prepared as of a date no earlier than five days prior to the Closing Date, of the Closing Equity Adjustment Amount (the "Estimated Closing Equity Adjustment Amount") and, based thereon, Seller's calculation of the Estimated Purchase Price, which shall be binding on Buyer and Seller as the Estimated Purchase Price hereunder absent manifest error."

2. MISCELLANEOUS

a. STOCK PURCHASE AGREEMENT OTHERWISE NOT AFFECTED. Except as expressly amended pursuant hereto, the Stock Purchase Agreement shall remain unchanged and in full force and effect and is hereby ratified and confirmed in all respects.

b. AMENDMENT AND WAIVERS. This Amendment may be amended only by an agreement in writing executed on behalf of both Buyer and Seller. No waiver of any provision nor consent to any exception to the terms of the Amendment shall be effective unless in writing and signed by the party to be bound and then only to the specific purpose, extent and instance so provided.

c. INTEGRATION. This Amendment constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings of the parties in connection therewith.

d. NO ASSIGNMENT. Neither this Amendment nor any rights or obligations under it are assignable, except that Buyer may assign its rights, but not its obligations, hereunder to any wholly owned subsidiary of Buyer. Subject to the foregoing sentence, this Amendment is binding upon and inures to the benefit of and is enforceable by the parties hereto and their respective successors and permitted assigns.

e. COUNTERPARTS. This Amendment and any amendment hereto or any other agreement or document delivered pursuant hereto may be executed in one or more counterparts and by different parties in separate counterparts. All of such counterparts shall constitute one and the same agreement or other document and shall become effective unless otherwise provided therein when one or more counterparts have been signed by each party and delivered to the other party.

f. SEVERABILITY. If any provision of this Amendment is determined to be invalid, illegal or unenforceable by any Governmental Entity, the remaining provisions of this Amendment shall remain in full force and effect provided that the essential terms and conditions of this Amendment for both parties remain valid, binding and enforceable. To the extent permitted by Law, the parties hereby to the same extent waive any provision of Law that renders any provision hereof prohibited or unenforceable in any respect.

g. PARTIES IN INTEREST. Except as set forth in Article 10 of the Stock Purchase Agreement with respect to Indemnified Parties, nothing in this Amendment, express of implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Amendment.

h. GOVERNING LAW. This Amendment, the legal relations between the parties and any Action, whether contractual or non-contractual, instituted by any party with respect to matters arising under or growing out of or in connection with or in respect of this Amendment shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State and without regard to conflicts of law doctrines.

IN WITNESS WHEREOF, each of Buyer and Seller has caused this Amendment to be executed by its duly authorized representation as of the date first above written.

BUYER:

LATTICE SEMICONDUCTOR CORPORATION,
a Delaware corporation

By:

Name: Steven A. Laub
Title: Chief Operating Officer

SELLER:

ADVANCED MICRO DEVICES, INC.,
a Delaware corporation

By:

Name: Thomas M. McCoy, Esq.
Title: Senior Vice President, General Counsel and Secretary

FINANCIAL HIGHLIGHTS

(IN THOUSANDS, EXCEPT PER SHARE DATA)	YEAR ENDED April 3, 1999	March 28, 1998	March 29, 1997
Revenue	$200,072	$245,894	$204,089
Net income	$ 42,046	$ 56,567	$ 45,005
Basic net income per share	$ 1.79	$ 2.43	$ 2.00
Diluted net income per share	$ 1.77	$ 2.37	$ 1.96
Cash and short-term investments	$319,434	$267,110	$228,647
Total assets	$540,896	$489,066	$403,462
Stockholders' equity	$483,734	$434,686	$360,491

CORPORATE PROFILE

Lattice Semiconductor Corporation designs, develops and markets high performance programmable logic devices ("PLDs") and related development system software. Lattice is the inventor and world's leading supplier of in-system programmable ("ISP-TM-") logic devices. PLDs are standard semiconductor components that can be configured by the end customer as specific logic functions, enabling shorter design cycle times and reduced development costs. Lattice's end customers are primarily original equipment manufacturers ("OEMs") of communications, computing, industrial controls and military systems. Approximately one-half of Lattice's revenue is derived from export sales, mainly to Europe and Asia. Lattice was founded in 1983 and is based in Hillsboro, Oregon.

Exhibit 13.1

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results could differ materially from those projected in the forward-looking statements as a result of the factors set forth in the section entitled "Factors Affecting Future Results" and elsewhere in this report.

Lattice Semiconductor Corporation, (the "Company"), designs, develops and markets the broadest range of high-performance in-system programmable ("ISP-TM-") programmable logic devices ("PLDs"). The Company introduced ISP devices to the industry in 1992. PLDs are standard semiconductor components that can be configured by the end customer as specific logic functions, enabling shorter design cycle times and reduced development costs. Lattice products are sold worldwide through an extensive network of independent sales representatives and distributors, primarily to original equipment manufacturers ("OEMs") of communication, computing, industrial and military systems. Approximately one-half of the Company's revenue is derived from export sales, mainly to Europe and Asia. The Company was founded in 1983 and is based in Hillsboro, Oregon.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the percentage of revenue represented by selected items reflected in the Company's consolidated statement of operations.

	YEAR ENDED		
	APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
Revenue	100%	100%	100%
Costs and expenses:			
Cost of products sold	39	40	41
Research and development	17	13	14
Selling, general and administrative	18	16	16
	74	69	71
Income from operations	26	31	29
Interest and other income (net)	5	4	4
Income before provision for income taxes	31	35	33
Provision for income taxes	10	12	11
Net income	21%	23%	22%

REVENUE Revenue was $200.1 million in fiscal 1999, a decrease of 19% from fiscal 1998. Fiscal 1998 revenue of $245.9 million represented an increase of 20% from the $204.1 million recorded in fiscal 1997.

Fiscal 1999 revenue as compared to fiscal 1998 was negatively impacted by a decline in demand from Asia due to the economic crisis in that region. Furthermore, revenue in all geographies was negatively impacted by a decline in demand for the Company's non-ISP product families. The Company's revenue growth in fiscal 1998 was the result of sales increases of ISP products. Revenue from ISP products was approximately 72%, 65% and 48% of total revenue for fiscal 1999, 1998 and 1997, respectively. The remainder of revenue was derived from non-ISP product families.

The Company's sales by geographic area were as follows:

(IN THOUSANDS)	YEAR ENDED APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
United States	$100,778	$120,278	$104,249
Export sales			
Europe	53,649	61,243	39,863
Asia	34,680	55,853	52,624
Other	10,965	8,520	7,353
	$200,072	$245,894	$204,089

Revenue from export sales was approximately 50%, 51% and 49% of total revenue for fiscal 1999, 1998 and 1997, respectively. The Company expects export sales to continue to represent a significant portion of revenue. See "Factors

Affecting Future Results."

The average selling price of the Company's products was flat in fiscal 1999 as compared to fiscal 1998. The average selling price increased in fiscal 1998 as compared to fiscal 1997. This change was due primarily to an increased proportion of ISP products in the revenue mix. Although selling prices of mature products generally decline over time, this decline is at times offset by higher selling prices of new products. The Company's ability to maintain or increase the level of its average selling price is dependent on the continued development, introduction and market acceptance of new products. See "Factors Affecting Future Results."

GROSS MARGIN The Company's gross margin as a percentage of revenue was 61%, 60% and 59% for fiscal years 1999, 1998 and 1997, respectively. The improvement was primarily due to an improvement in product mix and reductions in the Company's manufacturing costs. Reductions in manufacturing costs resulted primarily from yield improvements, migration of products to more advanced technologies and smaller die sizes, and wafer price reductions.

RESEARCH AND DEVELOPMENT Research and development expense was $33.2 million, $32.0 million and $27.8 million in fiscal 1999, 1998 and 1997, respectively. Spending increases resulted primarily from the development of new products, including the Company's ISP families and related software development tools. The Company believes that a continued commitment to research and development is essential in order to maintain product leadership in its existing product families and provide innovative new product offerings, and therefore expects to continue to make significant future investments in research and development.

SELLING, GENERAL AND ADMINISTRATIVE Selling, general and administrative expense was $36.8 million, $39.9 million and $33.6 million in fiscal 1999, 1998 and 1997, respectively. The decrease in fiscal 1999 expense as compared to fiscal 1998 was primarily due to decreased sales commissions associated with lower revenue levels. The increase in fiscal 1998 expenses as compared to fiscal 1997 was primarily due to expansion of the Company's sales force and increased sales commissions associated with higher revenue levels.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INCOME FROM OPERATIONS Income from operations decreased 31%, from $75.1 million to $51.6 million, from fiscal 1998 to fiscal 1999, and increased 27%, from $59.0 million, between fiscal 1997 and fiscal 1998. Income from operations as a percentage of revenue decreased to 26% in fiscal 1999 from 31% and 29% in fiscal 1998 and fiscal 1997 respectively.

INTEREST AND OTHER INCOME (EXPENSE), NET Interest and other income (net of expense) was approximately flat between fiscal 1998 and fiscal 1999 but increased by approximately $1.9 million from fiscal 1997 to fiscal 1998. The increase was primarily due to higher cash and investment balances resulting from cash generated from operations and common stock issuance from employee stock option exercises. In fiscal 1999, these higher cash and investment balances were offset by lower interest rates for invested balances, particularly in the second half of the fiscal year.

PROVISION FOR INCOME TAXES The Company's effective tax rate was 32.5%, 34.0% and 33.5% for fiscal 1999, 1998 and 1997, respectively. The fiscal 1999 and 1998 rate changes were due primarily to changes in the proportion of tax-exempt interest income included in the Company's overall net income. The fiscal 1999 rate was also favorably impacted by reduced state taxes resulting from the increased realization of tax credits.

Deferred tax asset valuation allowances are recorded to offset deferred tax assets that can only be realized by earning taxable income in distant future years. Management established the valuation allowances because it cannot determine if it is more likely than not that such income will be earned.

NET INCOME Net income decreased 26%, from $56.6 million to $42.0 million, from fiscal 1998 to fiscal 1999, and increased 26%, from $45.0 million, between fiscal 1997 and fiscal 1998. Net income as a percentage of revenue was 21%, 23% and 22% for fiscal years 1999, 1998 and 1997, respectively.

FACTORS AFFECTING FUTURE RESULTS

Notwithstanding the objectives, projections, estimates and other forward-looking statements in this Annual Report, the Company's future operating results will continue to be subject to quarterly variations based on a wide variety of risks. These risks include, but are not limited to:

OUR WAFER SUPPLY COULD BE INTERRUPTED OR REDUCED AND RESULT IN A SHORTAGE OF FINISHED PRODUCTS AVAILABLE FOR SALE.

We do not manufacture finished silicon wafers. Currently all our silicon wafers are manufactured by Seiko Epson in Japan and the UMC Group, a group of affiliated companies in Taiwan. If Seiko Epson, through its U.S. affiliate Epson Electronics America, or the UMC Group significantly interrupts our wafer supply, our operating results would be adversely affected.

In the past, we have experienced delays in obtaining wafers and supply commitments from our foundries. At present, we anticipate that our supply commitments are adequate. However, these existing supply commitments may not be sufficient for us to satisfy customer demand in future periods. Additionally, during times of capacity shortage, notwithstanding our supply commitments, we may still have difficulty in obtaining wafer deliveries consistent with the supply commitments. We negotiate wafer prices and supply commitments on at least an annual basis. If Seiko Epson, Epson Electronics America or the UMC Group reduces our supply commitment or increases our wafer prices, and we cannot find alternative sources of wafer supply, our operating results could be adversely affected.

Many other factors that could disrupt our wafer supply are beyond our control. Since worldwide manufacturing capacity for silicon wafers is limited and inelastic, we could be adversely affected by significant industry wide increases in overall wafer demand or interruptions in wafer supply. Additionally, a disruption of Seiko Epson's or the UMC Group's foundry operations as a result of a fire, earthquake or other natural disaster would disrupt our wafer supply and would have an adverse effect on our operating results.

IF OUR FOUNDRY PARTNERS EXPERIENCE QUALITY OR YIELD PROBLEMS, WE MAY FACE A SHORTAGE OF FINISHED PRODUCTS AVAILABLE FOR SALE.

We depend on our foundries to deliver reliable silicon wafers with acceptable yields in a timely manner. As is common in our industry, we have experienced wafer yield problems and delivery delays in the past. If our foundries are unable to produce silicon wafers that meet our specifications, with acceptable yields, for a prolonged period, our operating results could be adversely affected.

Substantially all of our revenues are derived from products based on a specialized silicon wafer manufacturing process technology called E to the power of 2 CMOS-Registered Trademark-. The reliable manufacture of high performance E to the power of 2 CMOS semiconductor wafers is a complicated and technically demanding process requiring:

- a high degree of technical skill;

- state-of-the-art equipment;

- the absence of defects in the masks used to print circuits on a wafer;

- the elimination of minute impurities and errors in each step of the fabrication process; and

- effective cooperation between the wafer supplier and the circuit designer.

As a result, our foundries may experience difficulties in achieving acceptable quality and yield levels when manufacturing our silicon wafers.

OUR PRODUCTS MAY NOT BE COMPETITIVE IF WE ARE UNSUCCESSFUL IN MIGRATING OUR MANUFACTURING PROCESSES TO MORE ADVANCED TECHNOLOGIES.

In order to develop new products and maintain the competitiveness of existing products, we need to migrate to more advanced wafer manufacturing processes that utilize larger wafer sizes and smaller device geometries. We may also utilize additional foundries. Since we depend upon foundries to provide their facilities and support for our process technology development, we may experience delays in the availability of advanced wafer manufacturing process technologies at existing or new wafer fabrication facilities. As a result, volume production of our advanced E to the power of 2 CMOS-Registered Trademark- process technologies at the new fabs of Seiko Epson, the UMC Group or future foundries may not be achieved. This could have an adverse effect on our operating results.

WE MAY BE UNSUCCESSFUL IN DEFINING AND DEVELOPING NEW PRODUCTS REQUIRED TO MAINTAIN OR GROW OUR BUSINESS.

As a semiconductor company, we operate in a dynamic environment marked by rapid product obsolescence. Our future success depends on our ability to introduce new or improved products that meet customer needs while achieving acceptable margins. If we fail to introduce these new products in a timely manner or these products fail to achieve market acceptance, our business and financial condition will be adversely affected.

The introduction of new products in a dynamic market environment presents significant business challenges. Product development commitments and expenditures must be made well in advance of product sales. The success of a new product depends on accurate forecasts of long-term market demand and future technology developments.

Our future revenue growth is dependent on market acceptance of our new proprietary ISP-TRADEMARK- product families and the continued market acceptance of our proprietary software development tools. The success of these products is dependent on a variety of specific technical factors including:

- successful product definition;
- timely and efficient completion of product design;
- timely and efficient implementation of wafer manufacturing and assembly processes;
- product performance; and
- the quality and reliability of the product.

If, due to these or other factors, our new ISP products do not achieve market acceptance, our business and financial condition will be adversely affected.

WE MAY EXPERIENCE UNEXPECTED DIFFICULTIES INTEGRATING VANTIS CORPORATION.

Integration of Vantis has begun (see Note 13 of Notes to Consolidated Financial Statements). If integration is unsuccessful, or more difficult, or more time consuming than originally planned, we may incur unexpected disruptions to our ongoing business. These disruptions may have an adverse effect on our operations and financial results. Further, the following specific factors may adversely affect our ability to smoothly and quickly integrate the business of Vantis:

- We may experience unexpected losses of key employees or customers;
- We may experience difficulties and delays in conforming the standards, processes, procedures and controls of our two businesses;
- We may experience unexpected costs and discover unexpected liabilities;
- We may not receive product manufacturing and administrative services from Vantis's former parent corporation, AMD, at a level of quality and timeliness consistent with the historical delivery of this support;
- We may not achieve expected levels of revenue growth, cost reduction and profitability improvement; and
- We may not be able to coordinate our new product and process development in a way which permits us to bring new technologies to market in a timely manner.

CONTINUED DETERIORATION OF CONDITIONS IN ASIA MAY DISRUPT OUR EXISTING SUPPLY ARRANGEMENTS AND RESULT IN A SHORTAGE OF FINISHED PRODUCTS AVAILABLE FOR SALE.

Our two silicon wafer suppliers operate fabs located in Asia. Our finished silicon wafers are assembled and tested by independent subcontractors located in Hong Kong, Malaysia, the Philippines, South Korea and Taiwan. A prolonged interruption in our supply from any of these subcontractors could have an adverse effect on our operating results.

Although we have yet not experienced significant supply interruptions, the economic, financial, social and political situation in Asia has recently been volatile. Financial difficulties, governmental actions or restrictions, prolonged work stoppages or any other difficulties experienced by these suppliers may disrupt our supply and could have an adverse effect on our operating results.Our wafer purchases from Seiko Epson are denominated in Japanese yen. The value of the dollar with respect to the yen has fluctuated in the past and may not remain stable in the future. Future substantial deterioration of dollar-yen exchange rates could have an adverse effect on our operating results.

EXPORT SALES ACCOUNT FOR A SUBSTANTIAL PORTION OF OUR REVENUES AND MAY DECLINE

IN THE FUTURE DUE TO ECONOMIC AND GOVERNMENTAL UNCERTAINTIES.

Our export sales are affected by unique risks frequently associated with foreign economies including:

- changes in local economic conditions;
- exchange rate volatility;
- governmental controls and trade restrictions;
- export license requirements and restrictions on the export of technology;
- political instability;
- changes in tax rates, tariffs or freight rates;
- interruptions in air transportation; and
- difficulties in staffing and managing foreign sales offices.

For example, our export sales have recently been affected by the Asian economic crisis. Significant changes in the economic climate in the foreign countries where we derive our export sales could have an adverse effect on our operating results.

IF OUR ASSEMBLY AND TEST SUBCONTRACTORS EXPERIENCE QUALITY OR YIELD PROBLEMS, WE MAY FACE A SHORTAGE OF FINISHED PRODUCTS AVAILABLE FOR SALE.

We rely on subcontractors to assemble and test our devices with acceptable quality and yield levels. As is common in our industry, we have experienced quality and yield problems in the past. If we experience prolonged quality or yield problems in the future, there could be an adverse affect on our operating results.

The majority of our revenue is derived from semiconductor devices assembled in advanced packages. The assembly of advanced packages is a complex process requiring:

- a high degree of technical skill;
- state-of-the-art equipment;
- the absence of defects in lead frames used to attach semiconductor devices to the package;
- the elimination of raw material impurities and errors in each step of the process; and
- effective cooperation between the assembly subcontractor and the device manufacturer.

As a result, our subcontractors may experience difficulties in achieving acceptable quality and yield levels when assembling and testing our semiconductor devices.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE CYCLICAL NATURE OF THE SEMICONDUCTOR INDUSTRY MAY LIMIT OUR ABILITY TO MAINTAIN OR GROW REVENUE AND PROFIT LEVELS DURING FUTURE INDUSTRY DOWNTURNS.

The semiconductor industry is highly cyclical, to a greater extent than other less dynamic or less technology-driven industries. In the past, our financial performance has been negatively affected by significant downturns in the semiconductor industry as a result of:

- the cyclical nature of the demand for the products of semiconductor customers;

- general reductions in inventory levels by customers;

- excess production capacity; and

- accelerated declines in average selling prices.

If these or other conditions in the semiconductor industry occur in the future, there could be an adverse effect on our operating results.

OUR STOCK PRICE MAY CONTINUE TO EXPERIENCE LARGE SHORT-TERM FLUCTUATIONS WHICH MAY RESULT IN INVESTORS LOSING ALL OR PART OF THEIR INVESTMENT.

In recent years, the price of our common stock has fluctuated greatly. These price fluctuations have been rapid and severe and have left investors little time to react. The price of our common stock may continue to fluctuate greatly in the future due to a variety of company-specific factors, including:

- quarter-to-quarter variations in our operating results;

- shortfalls in revenues or earnings from levels expected by securities analysts;

- announcements of technological innovations or new products by other companies.

We may not be able to successfully compete in the highly competitive semiconductor industry.

The semiconductor industry is intensely competitive and many of our direct and indirect competitors have substantially greater financial, technological, manufacturing, marketing and sales resources. If we are unable to compete successfully in this environment, our future results will be adversely affected.

The current level of competition in the programmable logic market is high and may increase as our market expands. We currently compete directly with companies that have licensed our products and technology or have developed similar products. We also compete indirectly with numerous semiconductor companies that offer products and solutions based on alternative technologies. These direct and indirect competitors are established multinational semiconductor companies as well as emerging companies. We also may experience significant competition from foreign companies in the future.

WE MAY FAIL TO RETAIN OR ATTRACT THE SPECIALIZED TECHNICAL AND MANAGEMENT PERSONNEL REQUIRED TO SUCCESSFULLY OPERATE OUR BUSINESS.

To a greater degree than most non-technology companies or larger technology companies, our future success depends on our ability to attract and retain highly qualified technical and management personnel. As a mid-sized company, we are particularly dependent on a relatively small group of key employees. Competition for skilled technical and management employees is intense within our industry. As a result, we may not be able to retain our existing key technical and management personnel. In addition, we may not be able to attract additional qualified employees in the future. If we are unable to retain existing key employees or are unable to hire new qualified employees, our operating results could be adversely affected.

IF WE ARE NOT ABLE TO ADEQUATELY PROTECT OUR INTELLECTUAL PROPERTY RIGHTS, OUR FINANCIAL RESULTS AND COMPETITIVE POSITION MAY SUFFER.

Our success depends in part on our proprietary technology. However, we may fail to adequately protect this technology. As a result, we may lose our competitive position or face significant expense to protect or enforce our intellectual property rights.

We intend to continue to protect our proprietary technology through patents, copyrights and trade secrets. Despite this intention, we may not be successful in achieving adequate protection. Claims allowed on any of our patents may not be sufficiently broad to protect our technology. Patents issued to us also may be challenged, invalidated or circumvented. Finally, our competitors may develop similar technology independently.

Companies in the semiconductor industry vigorously pursue their intellectual property rights. If we become involved in protracted intellectual property disputes or litigation we may utilize substantial financial and management resources, which could have an adverse effect on our operating results. We may also be subject to future intellectual property claims or judgements. If these were to occur, we may not be able to obtain a license on favorable terms or without our operating results being adversely affected.

YEAR 2000 COMPLIANCE

The Company is currently working to address the potential impact of the Year 2000 on the processing of information by the Company's computerized systems, including interfaces to its business partners.

In June 1999, the Company completed its planned Year 2000 compliance activities with respect to its products and internal systems, software, equipment and facilities. Based solely on these activities, management believes that all products and material internal systems, software, equipment and facilities are currently Year 2000 compliant. The Company does not anticipate that potential Year 2000 issues will have a material adverse impact on the Company's financial position or operating results. In aggregate, approximately $2 million in expenses were incurred to fund Year 2000 compliance activities.

However, the Company could be adversely impacted if any of our critical business partners were to experience a severe business interruption due to a failure to address their internal Year 2000 issues in a timely manner. The most reasonably likely worst case Year 2000 scenario is a temporary disruption in supplier deliveries or customer shipments. If a severe disruption occurs in either of these two areas and is not corrected in a timely manner, a revenue or profit shortfall may result in the first half of calendar year 2000. Based solely on responses received to date from our business partners, the Company has no reason to believe that there will be such a material adverse impact. However, if the responses received from our business partners are inaccurate or happen to change, then there could be such a material adverse impact. Management plans to evaluate Year 2000 business interruption scenarios and develop appropriate contingency plans by September 1999.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of April 3, 1999 and March 28, 1998, the Company's investment portfolio consisted of fixed income securities of $293.4 million and $245.5 million, respectively. As with all fixed income instruments, these securities are subject to interest rate risk and will decline in value if market interest rates increase. If market rates were to increase immediately and uniformly by 10% from levels as of April 3, 1999 and March 28, 1998, the decline in the fair value of the portfolio would not be material. Further, the Company has the ability to hold its fixed income investments until maturity and, therefore, the Company would not expect to recognize such an adverse impact in income or cash flows.

The Company has international subsidiary and branch operations. Additionally, the majority of the Company's silicon wafer purchases are denominated in Japanese yen. The Company is therefore subject to foreign currency rate exposure. To mitigate rate exposure with respect to yen-denominated wafer purchases, the Company maintains yen-denominated bank accounts and bills its Japanese customers in yen. The yen bank deposits are utilized to hedge yen-denominated wafer purchases against specific and firm wafer purchases. If the foreign currency rates fluctuate by 10% from rates at April 3, 1999 and March 28, 1998, the effect on the company's consolidated financial statements would not be material. However, there can be no assurance that there will not be a material impact in the future.

LIQUIDITY AND CAPITAL RESOURCES

As of April 3, 1999, the Company's principal source of liquidity was $319.4 million of cash and short-term investments, an increase of $52.3 million from the balance of $267.1 million at March 28, 1998. This increase was primarily the result of cash generated from operations and common stock issuance.

Accounts receivable decreased $4.4 million, or 16%, as compared to the balance at March 28, 1998. This decrease was primarily due to lower revenue levels. Inventories decreased by $5.0 million, or 22%, versus amounts recorded at March 28, 1998 due to decreased production in response to lower revenue levels. Accounts payable and other accrued expenses remained approximately flat versus balances recorded at March 28, 1998, as decreased inventory expenditures were offset by the timing of payments of other expenses. Accrued payroll obligations increased $2.3 million, or 21%, as compared to the balance at March 28, 1998 due to timing of payments. Income taxes payable increased $0.8 million, or 18%, as compared to the balance at March 28, 1998 due to the timing of tax deductions and payments.

Stockholders' equity increased by approximately $49.0 million, primarily due to net income of approximately $42.0 million for fiscal 1999 and net proceeds from common stock issuance. These combined net proceeds were partially offset by stock repurchases aggregating approximately $9.2 million.

Capital expenditures were approximately $18.4 million, $18.8 million and $10.6 million for fiscal years 1999, 1998 and 1997, respectively. These consisted primarily of manufacturing test equipment, engineering equipment, buildings and building improvements. The increase in fiscal 1999 and 1998 capital expenditures as compared to fiscal 1997 was associated with construction in process of an additional corporate headquarters building and increased investment in manufacturing test equipment to support the growth in unit volumes of ISP products.

The Company currently anticipates capital expenditures of approximately $20 to $25 million for the fiscal year ending April 1, 2000.

The Company entered into a series of agreements with United Microelectronics Corporation ("UMC") in September 1995 pursuant to which the Company agreed to join UMC and several other companies to form a separate Taiwanese company, United Integrated Circuits Corporation ("UICC"), for the purpose of building and operating an advanced semiconductor manufacturing facility in Taiwan, Republic of China. Under the terms of the agreements, the Company invested approximately $49.7 million between fiscal 1996 and fiscal 1998, for an approximate 10% equity interest in UICC and the right to receive a percentage of the facility's wafer production at market prices.

In March 1997, the Company entered into an advance payment production agreement with Seiko Epson Corporation ("Seiko Epson") and its affiliated U.S. distributor, Epson Electronics America, Inc. ("EEA") under which it agreed to advance approximately $85 million, payable upon completion of specific milestones, to Seiko Epson to finance construction of an eight-inch sub-micron semiconductor wafer manufacturing facility. Under the terms of the agreement, the advance is to be repaid with semiconductor wafers over a multi-year period. The agreement calls for wafers to be supplied by Seiko Epson through EEA pursuant to purchase agreements with EEA. The Company also has an option under this agreement to advance Seiko Epson an additional $60 million for additional wafer supply under similar terms. The first payment pursuant to this agreement, approximately $17.0 million, was made during fiscal 1997. During fiscal 1998, the Company made two additional payments aggregating approximately $34.2 million. As a result of anticipated future payments to Seiko Epson, the Company expects that its working capital will be reduced by approximately $34 million during fiscal 2000.

On April 21, 1999, the Company announced a definitive agreement to acquire

Vantis Corporation, a wholly owned subsidiary of Advanced Micro Devices, Inc. ("AMD"), for approximately $500 million in cash, including the acquisition of an approximately $60 million in net tangible assets. This acquisition was completed June 15, 1999 and was financed with approximately $250 million in existing cash and $250 million in bank borrowings. Vantis Corporation designs, develops and markets programmable logic devices. The acquisition will be accounted for as a purchase.

The Company believes that its existing sources of liquidity and expected cash generated from operations, along with the debt financing for the Vantis acquisition, will be adequate to fund the Company's anticipated cash needs for the next twelve months.

In an effort to secure additional wafer supply, the Company may from time to time consider various financial arrangements including joint ventures, equity investments, advance purchase payments, loans, or similar arrangements with independent wafer manufacturers in exchange for committed wafer capacity. To the extent that the Company pursues any such additional financial arrangements, additional debt or equity financing may be required. There can be no assurance that any such additional funding could be obtained when needed or, if available, on terms acceptable to the Company.

SELECTED FINANCIAL DATA

(IN THOUSANDS, EXCEPT PER SHARE DATA)	YEAR ENDED APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997	MARCH 30, 1996	APRIL 1, 1995
STATEMENT OF OPERATIONS DATA:					
Revenue	$200,072	$245,894	$204,089	$198,167	$144,083
Costs and expenses:					
Cost of products sold	78,440	98,883	83,736	82,216	58,936
Research and development	33,190	32,012	27,829	26,825	22,859
Selling, general and administrative	36,818	39,934	33,558	31,323	25,020
	148,448	170,829	145,123	140,364	106,815
Income from operations	51,624	75,065	58,966	57,803	37,268
Interest and other income, net	10,668	10,643	8,712	5,442	3,349
Income before provision for income taxes	62,292	85,708	67,678	63,245	40,617
Provision for income taxes	20,246	29,141	22,673	21,461	13,651
Net income	$ 42,046	$ 56,567	$ 45,005	$ 41,784	$ 26,966
Basic net income per share	$ 1.79	$ 2.43	$ 2.00	$ 2.06	$ 1.45
Diluted net income per share	$ 1.77	$ 2.37	$ 1.96	$ 1.99	$ 1.41
Shares used in per share calculations:					
Basic net income	23,487	23,239	22,460	20,327	18,627
Diluted net income	23,819	23,894	22,973	20,979	19,164
BALANCE SHEET DATA:					
Working capital	$324,204	$283,678	$267,669	$244,649	$106,021
Total assets	540,896	489,066	403,462	342,935	192,917
Stockholders' equity	483,734	434,686	360,491	298,768	157,797

	YEAR ENDED APRIL 3, 1999				YEAR ENDED MARCH 28, 1998			
	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER
UNAUDITED QUARTERLY DATA:								
Revenue	$53,788	$50,168	$48,088	$48,028	$60,168	$60,038	$64,068	$61,620
Gross profit	$33,045	$30,623	$29,045	$28,919	$36,071	$36,183	$38,165	$36,592
Net income	$11,848	$10,513	$ 9,870	$ 9,816	$13,818	$13,651	$14,930	$14,168
Basic net income per share	$ 0.50	$ 0.45	$ 0.42	$ 0.42	$ 0.59	$ 0.58	$ 0.64	$ 0.62
Diluted net income per share	$ 0.49	$ 0.45	$ 0.42	$ 0.41	$ 0.58	$ 0.57	$ 0.62	$ 0.60

CONSOLIDATED BALANCE SHEET

(IN THOUSANDS, EXCEPT SHARE AND PAR VALUE AMOUNTS)	APRIL 3, 1999	MARCH 28, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 79,301	$ 60,344
Short-term investments	240,133	206,766
Accounts receivable, net	23,788	28,229
Inventories (note 2)	17,683	22,647
Prepaid expenses and other current assets	6,061	5,572
Deferred income taxes (note 6)	14,400	14,500
Total current assets	381,366	338,058
Foundry investments, advances and other assets (notes 4 and 8)	114,537	114,338
Property and equipment, less accumulated depreciation (note 3)	44,993	36,670
	$540,896	$489,066
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses (note 8)	$ 18,611	$ 18,196
Accrued payroll obligations	13,573	11,231
Income taxes payable (note 6)	4,985	4,210
Deferred income	19,993	20,743
Total current liabilities	57,162	54,380
Commitments and contingencies (notes 4, 5, 8, 9 and 10)	--	--
Stockholders' equity (note 7):		
Preferred stock, $.01 par value, 10,000,000 shares authorized; none issued and outstanding	--	--
Common stock, $.01 par value, 100,000,000 shares authorized; 23,597,236 and 23,428,072 shares issued and outstanding	236	234
Paid-in capital	223,290	216,290
Retained earnings	260,208	218,162
	483,734	434,686
	$540,896	$489,066

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CONSOLIDATED STATEMENT OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE DATA)	YEAR ENDED APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
Revenue	$ 200,072	$ 245,894	$ 204,089
Costs and expenses:			
Cost of products sold (note 8)	78,440	98,883	83,736
Research and development	33,190	32,012	27,829
Selling, general and administrative (note 11)	36,818	39,934	33,558
	148,448	170,829	145,123
Income from operations	51,624	75,065	58,966
Other income (expense):			
Interest income	11,279	10,277	8,886
Other income (expense), net	(611)	366	(174)
Income before provision for income taxes	62,292	85,708	67,678
Provision for income taxes (note 6)	20,246	29,141	22,673
Net income	$ 42,046	$ 56,567	$ 45,005
Basic net income per share	$ 1.79	$ 2.43	$ 2.00
Diluted net income per share	$ 1.77	$ 2.37	$ 1.96
Shares used in per share calculations:			
Basic net income	23,487	23,239	22,460
Diluted net income	23,819	23,894	22,973

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT PAR VALUE)	COMMON STOCK ($.01 PAR VALUE) SHARES	AMOUNT	PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balances, March 30, 1996	22,123	$ 221	$ 181,957	$ 116,590	$ 298,768
Common stock issued	755	8	10,516	--	10,524
Tax benefit of option exercises	--	--	6,179	--	6,179
Other comprehensive income	--	--	15	--	15
Net income for fiscal 1997	--	--	--	45,005	45,005
Balances, March 29, 1997	22,878	229	198,667	161,595	360,491
Common stock issued	550	5	12,546	--	12,551
Tax benefit of option exercises	--	--	5,225	--	5,225
Other comprehensive income (loss)	--	--	(148)	--	(148)
Net income for fiscal 1998	--	--	--	56,567	56,567
Balances, March 28, 1998	23,428	234	216,290	218,162	434,686
Common stock issued	507	5	11,207	--	11,212
Repurchase of common stock	(338)	(3)	(9,155)	--	(9,158)
Tax benefit of option exercises	--	--	4,888	--	4,888
Other comprehensive income	--	--	60	--	60
Net income for fiscal 1999	--	--	--	42,046	42,046
Balances, April 3, 1999	23,597	$ 236	$ 223,290	$ 260,208	$ 483,734

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

CONSOLIDATED STATEMENT OF CASH FLOWS

(IN THOUSANDS)	YEAR ENDED APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
Cash flow from operating activities:			
Net income	$ 42,046	$ 56,567	$ 45,005
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization	10,064	9,558	8,629
Deferred income taxes	100	(2,775)	(2,025)
Changes in assets and liabilities:			
Accounts receivable	4,441	(2,289)	(3,056)
Inventories	4,964	5,162	(6,048)
Prepaid expenses and other current assets	(489)	(2,654)	(750)
Foundry investments, advances and other assets	(199)	(25,154)	(7,439)
Accounts payable and accrued expenses	415	3,920	(739)
Accrued payroll obligations	2,342	1,583	2,192
Income taxes payable	775	3,428	(4,018)
Deferred income	(750)	2,478	1,369
Net cash provided by operating activities	63,709	49,824	33,120
Cash flow from investing activities:			
Purchase of short-term investments, net	(33,367)	(32,068)	(14,128)
Foundry investments	--	(10,164)	(25,800)
Capital expenditures	(18,387)	(18,825)	(10,561)
Net cash used by investing activities	(51,754)	(61,057)	(50,489)
Cash flow from financing activities:			
Repurchase of common stock, net	(9,158)	--	--
Net proceeds from issuance of common stock	16,160	17,628	16,718
Net cash provided by financing activities	7,002	17,628	16,718
Net increase (decrease) in cash and cash equivalents	18,957	6,395	(651)
Beginning cash and cash equivalents	60,344	53,949	54,600
Ending cash and cash equivalents	$ 79,301	$ 60,344	$ 53,949

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS Lattice Semiconductor Corporation, (the "Company"), founded in 1983 and based in Hillsboro, Oregon, designs, develops and markets high performance programmable logic devices ("PLDs") and related development system software. The Company is the inventor and world's leading supplier of in-system programmable ("ISP-TM-") logic devices. PLDs are standard semiconductor components that can be configured by the end customer as specific logic functions, enabling shorter design cycle times and reduced development costs. The Company's end customers are primarily original equipment manufacturers ("OEMs") of communications, computing, industrial controls and military systems. Approximately one-half of the Company's revenue is derived from export sales, mainly to Europe and Asia.

FISCAL REPORTING PERIOD AND PRINCIPLES OF CONSOLIDATION The Company reports on a 52 or 53 week fiscal year, which ends on the Saturday closest to March 31. The fiscal year ended April 3, 1999 was a 53 week fiscal year. The accompanying consolidated financial statements include the accounts of Lattice Semiconductor Corporation and its wholly owned foreign subsidiaries, Lattice GmbH, Lattice Semiconducteurs SARL, Lattice Semiconductor KK, Lattice Semiconductor Shanghai Co., Ltd., Lattice Semiconductor Asia Ltd., Lattice Semiconductor International Ltd., Lattice Semiconductor UK Ltd. and Lattice Semiconductor AB. The assets, liabilities, and results of operations of these entities were not material for any of the years presented in the consolidated financial statements and all intercompany accounts and transactions have been eliminated.

CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS The Company considers all highly liquid investments, which are readily convertible into cash and have original maturities of three months or less, to be cash equivalents. Short-term investments, which are relatively less liquid and have maturities of less than one year, are composed of corporate auction preferred stocks ($131.4 million), municipal and local government obligations ($64.8 million), Federal agency obligations ($16.9 million), time deposits ($16.9 million) and commercial paper ($10.1 million) at April 3, 1999.

The Company accounts for its short-term investments as held- to-maturity, which are stated at amortized cost with corresponding premiums or discounts amortized over the life of the investment to interest income. Amortized cost approximates market value at April 3, 1999.

FINANCIAL INSTRUMENTS All of the Company's significant financial assets and liabilities are recognized in the Consolidated Balance Sheet as of April 3, 1999 and March 28, 1998. The carrying value of the Company's financial instruments approximate current market value except foundry equity investments in Taiwan which are either not readily marketable or where market prices are not necessarily indicative of realizable value. The Company estimates the fair value of its cash and cash equivalents, short-term investments, accounts receivable, other current assets and current liabilities based upon existing interest rates related to such assets and liabilities compared to the current market rates of interest for instruments of similar nature and degree of risk.

DERIVATIVE FINANCIAL INSTRUMENTS In order to minimize exposure to foreign exchange risk with respect to its long-term investments made with foreign currencies as further described in note 4 of notes to consolidated financial statements, the Company has at times entered into foreign forward exchange contracts in order to hedge these transactions. These contracts are accounted for as identifiable hedges against firm Company commitments. Realized gain or loss with respect to these contracts for the fiscal periods presented was not material. As of April 3, 1999, the Company had no open foreign exchange contracts for the purchase or sale of foreign currencies. The Company does not enter into derivative financial instruments for trading purposes.

FOREIGN EXCHANGE The majority of the Company's silicon wafer purchases are denominated in Japanese yen. The Company maintains yen-denominated bank accounts and bills its Japanese customers in yen. The yen bank deposits utilized to hedge yen-denominated wafer purchases are accounted for as identifiable hedges against specific and firm wafer purchases. Gains or losses from foreign exchange rate fluctuations on unhedged balances denominated in foreign currencies are reflected in other income. Realized and unrealized gains or losses were not significant for the fiscal periods presented.

CONCENTRATIONS OF CREDIT RISK Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of short-term investments and trade receivables. The Company places its investments through several financial institutions and mitigates the concentration of credit risk by placing percentage limits on the maximum portion of the investment portfolio which may be invested in any one investment instrument. Investments consist primarily of A1 and P1 or better rated U.S. commercial paper, U.S. government agency obligations and other money market instruments, "AA" or better rated municipal obligations, money market preferred stocks and other time deposits. Concentrations of credit risk with respect to trade receivables are mitigated by a geographically diverse customer base and the Company's credit and collection process. The Company performs credit evaluations for all customers and secures transactions with letters of credit or advance payments where necessary. Write-offs for uncollected trade receivables have not been significant to date.

REVENUE RECOGNITION AND ACCOUNTS RECEIVABLE Revenue from sales to OEM customers is recognized upon shipment. Certain of the Company's sales are made to distributors under agreements providing price protection and right of return on unsold merchandise. Revenue and cost relating to such distributor sales are deferred until the product is sold by the distributor and related revenue and costs are then reflected in income. Accounts receivable are shown net of allowance for doubtful accounts of $881,000 and $797,000 at April 3, 1999 and March 28, 1998, respectively.

INVENTORIES Inventories are stated at the lower of first-in, first-out cost or market.

LONG-LIVED ASSETS During the fiscal year ended March 29, 1997, the Company adopted Statement of Financial Accounting Standards No. 121 (SFAS 121), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," which requires the Company to review the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The adoption of SFAS 121 did not have a material impact on the Company's financial condition or results of operations.

PROPERTY AND EQUIPMENT Property and equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful lives of the related assets, generally three to five years for equipment and software and thirty years for buildings. Accelerated methods of computing depreciation are generally used for income tax purposes.

TRANSLATION OF FOREIGN CURRENCIES The Company translates accounts denominated in foreign currencies in accordance with SFAS 52, "Foreign Currency Translation." Translation adjustments related to the consolidation of foreign subsidiary financial statements have not been significant to date.

RESEARCH AND DEVELOPMENT Research and development costs are expensed as incurred.

STOCK-BASED COMPENSATION The Company accounts for its employee and director stock options and employee stock purchase plan in accordance with provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees." During 1995, the Financial Accounting Standards Board ("FASB") issued SFAS 123, "Accounting for Stock-Based Compensation." SFAS 123, effective for fiscal years beginning after December 31, 1995, provides an alternative to APB 25, but allows companies to account for employee and director stock-based compensation under the current intrinsic value method as prescribed by APB 25. The Company has continued to account for its employee and director stock plans in accordance with APB 25. Additional pro forma disclosures as required under SFAS 123 are presented in note 7 of notes to consolidated financial statements.

NET INCOME PER SHARE Net income per share is computed based on the weighted average number of shares of common stock and common stock equivalents assumed to be outstanding during the period (using the treasury stock method). Common stock equivalents consist of stock options and warrants to purchase common stock.

In February 1997, the FASB issued SFAS 128, "Earnings Per Share," which is effective for the Company for periods ending after December 15, 1997. Accordingly, the Company adopted this pronouncement in the quarter ended December 27, 1997. Primary net income per share as previously reported has been replaced by "basic net income per share" and "diluted net income per share." Prior period results have been restated to conform to the new presentation.

The most significant difference between basic and diluted net income per share is that basic net income per share does not treat potentially dilutive securities such as options and warrants as outstanding. For the Company, there is no difference between diluted net income per share and primary net income per share as previously reported. A reconciliation of the numerators and denominators of basic and diluted net income per share is presented below:

(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)	YEAR ENDED APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
Basic and diluted net income	$42,046	$56,567	$45,005
Shares used in basic net income per share calculations	23,487	23,239	22,460
Dilutive effect of stock options and warrants	332	655	513
Shares used in diluted net income per share calculations	23,819	23,894	22,973
Basic net income per share	$ 1.79	$ 2.43	$ 2.00
Diluted net income per share	$ 1.77	$ 2.37	$ 1.96

STATEMENT OF CASH FLOWS Income taxes paid approximated $16.4 million, $23.1 million and $22.6 million in fiscal 1999, 1998, and 1997, respectively. Interest paid does not differ materially from interest expense, which aggregated approximately $273,000, $83,000 and $152,000 in fiscal 1999, 1998 and 1997, respectively.

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the fiscal periods presented. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS In June 1997, the FASB issued SFAS 130, "Reporting Comprehensive Net Income." Under SFAS 130, the Company is required to report comprehensive income and its components in its consolidated financial statements, in addition to net income. For the Company, comprehensive income consists principally of net income. However, it also consists of translation of net assets held in foreign subsidiaries and other minor items. This portion of comprehensive income is included in the accompanying Consolidated Statement of Changes in Stockholders' Equity as "Other comprehensive income." The Company adopted this pronouncement in the first quarter of fiscal 1999.

Also in June 1997, the FASB issued SFAS 131, "Disclosures About Segments of an Enterprise and Related Information." This pronouncement, which supercedes SFAS 14, "Financial Reporting for Segments of a Business Enterprise", establishes standards for the way companies report information about operating segments for the fiscal years beginning after December 15, 1997. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The Company adopted this pronouncement in fiscal 1999.

In March 1998, the AICPA issued Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". In addition to prescribing accounting treatment for these costs, the SOP also provides guidance related to the accounting for costs incurred for software upgrades and enhancements. This pronouncement was adopted during fiscal 1999 and did not have a significant impact on the consolidated financial statements.

In June 1998, the FASB issued SFAS 133, "Accounting for Derivatives Instruments and Hedging Activities." SFAS 133 establishes new accounting treatment for derivatives and hedging activities and supersedes and amends a number of existing accounting standards. For the Company, this pronouncement will be effective in fiscal year 2002, and is not anticipated to have a material effect on the consolidated financial statements.

NOTE 2. INVENTORIES

(IN THOUSANDS)	APRIL 3, 1999	MARCH 28, 1998
Work in progress	$10,956	$12,675
Finished goods	6,727	9,972
	$17,683	$22,647

NOTE 3. PROPERTY AND EQUIPMENT

(IN THOUSANDS)	APRIL 3, 1999	MARCH 28, 1998
Land	$ 2,099	$ 2,098
Buildings	7,135	7,135
Construction in progress	18,768	6,750
Computer and test equipment	68,017	62,863
Office furniture and equipment	3,116	3,054
Leasehold and building improvements	2,643	2,547
	101,778	84,447
Accumulated depreciation and amortization	(56,785)	(47,777)
	$ 44,993	$ 36,670

NOTE 4. FOUNDRY INVESTMENTS, ADVANCES AND OTHER ASSETS

(IN THOUSANDS)	APRIL 3, 1999	MARCH 28, 1998
Foundry investments and other assets	$ 63,275	$ 63,076
Wafer supply advances	51,262	51,262
	$114,537	$114,338

The Company entered into a series of agreements with United Microelectronics Corporation ("UMC") in September 1995 pursuant to which the Company agreed to join UMC and several other companies to form a separate Taiwanese corporation, ("UICC"), for the purpose of building and operating an advanced semiconductor manufacturing facility in Taiwan, Republic of China. Under the terms of the agreements, the Company invested approximately $49.7 million between fiscal 1996 and fiscal 1998 for an approximate 10% equity interest in the corporation and the right to receive a percentage of the facility's wafer production at market prices. This investment is accounted for at cost.

In October 1997, the above joint venture foundry was substantially destroyed by fire. UMC, the majority owner of UICC, has informed the Company that this loss has been substantially recovered by an insurance settlement and additional investment income. Presently, the Board of UICC is considering options ranging from rebuilding the foundry to dissolving UICC. Management believes that UMC will continue to make alternative foundry capacity available to the Company. Considering these circumstances, management believes the UICC investment is not impaired. See note 13.

In July 1994, the Company signed an agreement with Seiko Epson Corporation ("Seiko Epson") and its affiliated U.S. distributor, Epson Electronics America, Inc. ("EEA"), under which it advanced $44 million to be used to finance additional sub-micron wafer manufacturing capacity and technological development. The advance was completely repaid in the form of semiconductor wafers over a multi-year period ending in fiscal 1998.

In March 1997, the Company entered into a second advance payment production agreement with Seiko Epson and EEA under which it agreed to advance approximately $85 million, payable upon completion of specific milestones, to Seiko Epson to finance construction of an eight-inch sub-micron semiconductor wafer manufacturing facility. Under the terms of the agreement, the advance is to be repaid with semiconductor wafers over a multi-year period. No interest income is recorded. The agreement calls for wafers to be supplied by Seiko Epson through EEA pursuant to purchase agreements with EEA. The Company also has an option under the agreement to advance Seiko Epson an additional $60 million for additional wafer supply under similar terms. The first payment under this agreement, approximately $17.0 million, was made during fiscal 1997. During fiscal 1998, the Company made two additional payments aggregating approximately $34.2 million.

NOTE 5. LEASE OBLIGATIONS

Certain facilities and equipment of the Company are leased under operating leases, which expire at various times through fiscal 2001. Rental expense under the operating leases was approximately $1,200,000, $1,026,000 and $984,000 for fiscal 1999, 1998 and 1997, respectively. Future minimum lease commitments at April 3, 1999 are as follows:

Fiscal Year	(in thousands)
2000	$ 1,203
2001	947
	$ 2,150

NOTE 6. INCOME TAXES

The components of the provision for income taxes for fiscal 1999, 1998 and 1997 are presented in the following table:

	YEAR ENDED		
(IN THOUSANDS)	APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
Current:			
Federal	$ 18,678	$ 29,204	$ 22,308
State	1,468	2,712	2,390
	20,146	31,916	24,698
Deferred:			
Federal	93	(2,539)	(1,829)
State	7	(236)	(196)
	100	(2,775)	(2,025)
	$ 20,246	$ 29,141	$ 22,673

Foreign income taxes were not significant for the fiscal years presented

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pretax income as a result of the following differences:

	YEAR ENDED		
(IN THOUSANDS)	APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
Computed income tax expense at the statutory rate	$ 21,802	$ 29,998	$ 23,687
Adjustments for tax effects of:			
State taxes, net	1,478	2,402	2,048
Research and development credits	(270)	(154)	(62)
Nontaxable investment income	(3,037)	(3,009)	(2,579)
Other	273	(96)	(421)
	$ 20,246	$ 29,141	$ 22,673

The components of the Company's net deferred tax asset are as follows:

(IN THOUSANDS)	APRIL 3, 1999	MARCH 28, 1998
Deferred income	$ 7,547	$ 7,934
Expenses and allowances not currently deductible	8,508	8,357
Total deferred tax assets	16,055	16,291
Valuation allowance	(1,655)	(1,791)
	$14,400	$14,500

The valuation allowance is recorded to reduce deferred tax assets which can only be realized by earning taxable income in distant future years. Management established the valuation allowance because it cannot determine if it is more likely than not that such income will be earned.

NOTE 7. STOCKHOLDERS' EQUITY

COMMON STOCK On June 12, 1998, the Company's Board of Directors authorized management to repurchase up to 1.2 million shares of the Company's common stock. As of April 3, 1999, the Company had repurchased 337,500 shares at an aggregate cost of approximately $9.2 million.

STOCK WARRANTS As of April 3, 1999, the Company has issued to a vendor warrants to purchase 633,192 shares of common stock. Of this amount, 464,125 warrants were issued and 340,500 exercised prior to fiscal 1997. During fiscal 1997, 67,419 warrants were issued and none were exercised. During fiscal 1998, a warrant was issued to purchase 51,550 shares of common stock, earned ratably from March 1997 through February 1998. Additionally, the vendor exercised warrants for 123,625 shares at an average exercise price of $18.77 per share. During fiscal 1999, a warrant was issued to purchase 50,098 shares of common stock, earned ratably from March 1998 to February 1999.

STOCK OPTION PLANS As of April 3, 1999, the Company had reserved 2,000,000 and 5,775,000 shares of common stock for issuance to officers and key employees under the 1996 Stock Option Plan and 1988 Stock Option Plan, respectively. The 1996 Plan options generally vest over four years in increments as determined by the Board of Directors and have terms up to ten years. The 1988 Plan options are exercisable immediately and have terms up to ten years. The transfer of certain shares of common stock acquired through the exercise of 1988 Plan stock options is restricted under stock vesting agreements that grant the Company the right to repurchase unvested shares at the exercise price if employment is terminated. Generally, the Company's repurchase rights lapse quarterly over four years.

The 1993 Directors' Stock Option Plan provides for the issuance of stock options to members of the Company's Board of Directors who are not employees of the Company; 225,000 shares of the Company's Common Stock are reserved for issuance thereunder. These options are granted at fair market value at the date of grant and generally become exercisable quarterly over a four year period beginning on the date of grant and expire five years from the date of grant.

The following table summarizes the Company's stock option activity and related information for the past three years:

	YEAR ENDED					
	APRIL 3, 1999		MARCH 28, 1998		MARCH 29, 1997	
(NUMBER OF SHARES IN THOUSANDS)	NUMBER OF SHARES UNDER OPTION	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF SHARES UNDER OPTION	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF SHARES UNDER OPTION	WEIGHTED-AVERAGE EXERCISE PRICE
Options outstanding at beginning of fiscal year	2,756	$40.38	2,290	$27.50	2,330	$22.20
Options granted	1,688	31.96	983	63.13	827	30.82
Options canceled	(1,068)	58.82	(134)	39.78	(176)	28.31
Options exercised	(439)	23.08	(383)	21.76	(691)	13.31
Options outstanding at end of fiscal year	2,937	$31.42	2,756	$40.38	2,290	$27.50

The following table summarizes information about stock options outstanding at April 3, 1999:

(NUMBER OF SHARES IN THOUSANDS)	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OF SHARES	WEIGHTED-AVERAGE REMAINING CONTRACT LIFE (IN YEARS)	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
$16.38 - $28.13	729	1.03	$25.77	513	$24.81
$31.00 - $31.49	919	3.61	31.00	39	31.00
$31.50 - $32.88	911	2.35	31.56	333	31.63
$33.56 - $37.00	274	1.20	35.76	172	36.28
$51.88 - $66.25	104	2.46	62.05	36	62.66
	2,937	2.31	$31.42	1,093	$30.16

Effective November 10, 1998, the Company offered employees the choice of exchanging certain previously granted stock options for new stock options. The new stock options have an exercise price of $31.00, the fair value of the Company's common stock on the effective date, and vest over four years from the effective date. As a result, approximately 941,970 options were exchanged. The exchanged stock options had a weighted average exercise price of $61.46.

STOCK PURCHASE PLAN The Company's employee stock purchase plan was approved by the stockholders in August 1990, and became effective January 1, 1991. The plan permits eligible employees to purchase shares of common stock through payroll deductions, not to exceed 10% of the employee's compensation. The purchase price of the shares is the lower of 85% of the fair market value of the stock at the beginning of each six-month period or 85% of the fair market value at the end of such period, but in no event less than the book value per share at the mid-point of each offering period. Amounts accumulated through payroll deductions during the offering period are used to purchase shares on the last day of the offering period. Of the 700,000 shares authorized to be issued under the plan, 64,009, 34,945 and 57,421 shares were issued during fiscal 1999, 1998 and 1997, respectively, and 208,855 shares were available for issuance at April 3, 1999.

PRO FORMA DISCLOSURES The Company accounts for its stock options and employee stock purchase plan in conformity with APB 25 and has

adopted the additional proforma disclosure provisions of SFAS 123.

The fair value, as defined by SFAS 123, for stock options and employee stock plan purchase rights was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	GRANTS FOR YEARS ENDED		
	APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
Stock options:			
Expected volatility	43.9%	48.6%	46.4.%
Risk-free interest rate	4.7%	5.6%	6.1%
Expected life from vesting date	1.3 years	1.2 years	0.9 years
Dividend yield	0%	0%	0%
Stock purchase rights:			
Expected volatility	43.6%	36.0%	36.7%
Risk-free interest rate	4.8%	5.9%	5.3%
Expected life	6 months	6 months	6 months
Dividend yield	0%	0%	0%

The Black-Scholes option pricing model was developed for use in estimating the fair value of freely tradable, fully transferable options without vesting restrictions. The Company's stock options have characteristics which significantly differ from those of freely tradable, fully transferable options. The Black-Scholes option pricing model also requires highly subjective assumptions, including expected stock price volatility and expected stock option term which greatly affect the calculated fair value of an option. The Company's actual stock price volatility and option term may be materially different from the assumptions used herein.

The resultant grant date weighted-average fair values calculated using the Black-Scholes option pricing model and the noted assumptions for stock options granted was $10.37, $25.20 and $11.54, and for stock purchase rights $9.53, $12.30 and $6.80, for fiscal 1999, 1998 and 1997, respectively.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information is as follows:

	YEAR ENDED		
(IN THOUSANDS, EXCEPT PER SHARE DATA)	APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
Pro forma net income	$32,425	$48,777	$40,681
Pro forma basic earnings per share	$ 1.38	$ 2.10	$ 1.81
Pro forma diluted earnings per share	$ 1.37	$ 2.05	$ 1.78

Because the SFAS 123 pro forma disclosure applies only to options granted subsequent to April 1, 1995, its pro forma effect will not be fully reflected until subsequent years. The effects on pro forma disclosures of applying SFAS 123 are not likely to be representative of the effects on pro forma disclosures in future years.

SHAREHOLDER RIGHTS PLAN A shareholder rights plan approved on September 11, 1991 provides for the issuance of one right for each share of outstanding common stock. With certain exceptions, the rights will become exercisable only in the event that an acquiring party accumulates beneficial ownership of 20% or more of the Company's outstanding common stock or announces a tender or exchange offer, the consummation of which would result in ownership by that party of 20% or more of the Company's outstanding common stock. The rights expire on September 11, 2001 if not previously redeemed or exercised. Each right entitles the holder to purchase, for $60.00, a fraction of a share of the Company's Series A Participating Preferred Stock with economic terms similar to that of one share of the Company's common stock. The Company will generally be entitled to redeem the rights at $0.01 per right at any time on or prior to the tenth day after an acquiring person has acquired beneficial ownership of 20% or more of the Company's common stock. If, prior to the redemption or expiration of the rights, an acquiring person or group acquires beneficial ownership of 20% or more of the Company's outstanding common stock, each right not beneficially owned by the acquiring person or group will entitle its holder to purchase, at the rights' then current exercise price, that number of shares of common stock having a value equal to two times the exercise price.

NOTE 8. TRANSACTIONS WITH PRINCIPAL SUPPLIERS

The majority of the Company's silicon wafers are currently manufactured by Seiko

Epson in Japan and are sold to the Company through Seiko Epson's affiliated U.S. distributor, EEA. In connection with the series of agreements entered into with UMC as described in note 4 of notes to consolidated financial statements, the Company currently receives production wafers. A significant interruption in supply from Seiko Epson through EEA, or from UMC, would have a material adverse effect on the Company's business.

The Company has signed two advance payment production agreements with Seiko Epson and EEA, in July 1994 and March 1997, respectively, under which it has advanced or will advance cash to be used in conjunction with the construction of additional wafer capacity, with the advances being repaid in the form of semiconductor wafers over a multi-year period. These transactions are more fully described in note 4 of notes to consolidated financial statements.

The Company continues to purchase a portion of its wafer supply from Seiko Epson for cash using commercial terms. Wafer purchases totaled $20.8 million, $20.9 million and $22.8 million for fiscal 1999, 1998 and 1997, respectively. Accounts payable and accrued expenses at April 3, 1999 and March 28, 1998 include $3.4 and $4.5 million, respectively, due this vendor. Open purchase commitments to this vendor approximated $9.2 million at April 3, 1999.

NOTE 9. EMPLOYEE BENEFIT PLANS

PROFIT SHARING PLAN The Company initiated a profit sharing plan effective April 1, 1990. Under the provisions of this plan, as approved by the Board of Directors, a percentage of the operating income of the Company, as defined and calculated at the end of the second and fourth quarter of each fiscal year for each respective six-month period, is paid equally to qualified employees. In fiscal 1999, 1998 and 1997, approximately $2.1 million, $3.0 million and $2.4 million, respectively, were charged against operations in connection with the plan.

QUALIFIED INVESTMENT PLAN In 1990, the Company adopted a 401(k) plan, which provides participants with an opportunity to accumulate funds for retirement. Under the terms of the plan, eligible participants may contribute up to 15% of their eligible earnings to the plan Trust. The plan allows for discretionary matching contributions by the Company; no such contributions occurred through fiscal 1996. Beginning in fiscal 1997, the Company matched eligible employee contributions of up to 5% of base pay. Company contributions are discretionary and vest over four years.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The Company is exposed to certain asserted and unasserted potential claims. Patent and other proprietary rights infringement claims are common in the semiconductor industry. There can be no assurance that, with respect to potential claims made against the Company, the Company could obtain a license on terms or under conditions that would not have a material adverse effect to the Company.

NOTE 11. RELATED PARTY

Larry W. Sonsini is a member of the Company's Board of Directors and is presently the Chairman of the Executive Committee of Wilson Sonsini Goodrich & Rosati, a law firm that provides corporate legal services to the Company. Legal services billed to the Company aggregated approximately $61,000, $51,000 and $61,000, respectively, for fiscal 1999, 1998 and 1997. Amounts payable to the law firm were not significant at April 3, 1999 or March 28, 1998.

NOTE 12. SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in one industry segment comprising the design, development, manufacture and marketing of high performance programmable logic devices. The Company's sales by major geographic area were as follows:

	YEAR ENDED		
(IN THOUSANDS)	APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997
United States	$100,778	$120,278	$104,249
Export sales:			
Europe	53,649	61,243	39,863
Asia	34,680	55,853	52,624
Other	10,965	8,520	7,353
	99,294	125,616	99,840
	$200,072	$245,894	$204,089

More than 90% of the Company's property and equipment is located in the United States. Other long-lived assets located outside the United States consist primarily of the foundry investments and advances described in note 4 of notes to consolidated financial statements.

No individual customer accounted for more than 10% of revenue in fiscal 1999, 1998 or 1997. No export sales to customers or distributors of any individual country accounted for more than 10% of revenue in fiscal 1999, 1998 or 1997.

NOTE 13. SUBSEQUENT EVENTS

On April 21, 1999, the Company announced a definitive agreement to acquire Vantis Corporation, a wholly owned subsidiary of Advanced Micro Devices, Inc. ("AMD"), for $500 million in cash, including the acquisition of an estimated $60 million in net tangible assets. This acquisition was completed June 15, 1999 and was financed with approximately $250 million in existing cash and $250 million in bank borrowings. Vantis Corporation designs, develops and markets programmable logic devices. The acquisition will be accounted for as a purchase.

In June 1999, the Boards of UMC and UICC (see note 4) voted to merge UICC into UMC. The matter is scheduled for a shareholder vote in July 1999. The Company is assured by UMC that capacity rights will be preserved after the proposed merger.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Lattice Semiconductor Corporation

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Lattice Semiconductor Corporation and its subsidiaries at April 3, 1999 and March 28, 1998, and the results of their operations and their cash flows for each of the three years in the period ended April 3, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

Portland Oregon,
April 21, 1999, except as to Note 13, which is as of June 15, 1999

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Cyrus Y. Tsui
Chairman of the Board, President and Chief
Executive Officer

Mark O. Hatfield
Former U.S. Senator

Daniel S. Hauer(1)
Consultant to EEA
Electronics America, Inc.

Harry A. Merlo(1),(2)
President,
Merlo Corporation

Douglas C. Strain(2)
Vice Chairman and Founder,
Electro
Scientific Industries, Inc.

Larry W. Sonsini
Partner and Chairman of the
Executive Committee,
Wilson, Sonsini, Goodrich & Rosati

OFFICERS

Cyrus Y. Tsui
Chairman of the Board, President and Chief
Executive Officer

Steven A. Laub
Senior Vice President and Chief Operating
Officer

Stephen A. Skaggs
Senior Vice President, Chief
Financial Officer and Secretary

Stephen M. Donovan
Corporate Vice President, Sales

Jonathan K. Yu
Corporate Vice President,
Business Development

Randy D. Baker
Vice President, Manufacturing

Martin R. Baker
Vice President and General Counsel

Albert L. Chan
Vice President and General Manager
Lattice Silicon Valley

Thomas J. Kingzett
Vice President, Reliability and Quality
Assurance

Stanley J. Kopec
Vice President, Corporate Marketing

Rodney F. Sloss
Vice President, Finance

Kenneth K. Yu
Vice President and Managing Director,
Lattice Asia

Technology Advisor to the Office
of the President

CORPORATE HEADQUARTERS

Lattice Semiconductor Corporation
5555 N.E. Moore Court
Hillsboro, Oregon 97124-6421
Telephone: (503) 268-8000
Facsimile: (503) 268-8347

LEGAL COUNSEL

Wilson, Sonsini, Goodrich & Rosati
Palo Alto, California

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
Portland, Oregon

REGISTRAR AND TRANSFER AGENT

ChaseMellon Shareholder Services, L.L.C.

Shareholder Relations
P.O. Box 3315
South Hackensack, NJ 07606
or
85 Challenger Road
Ridgefield Park, NJ 07660
(800) 522-6645
TDD for Hearing Impaired:
(800) 231-5469
Foreign Shareholders: (201) 329-8660
TDD Foreign Shareholders
(201) 329-8354
Website Address:
www.chasemellon.com

ANNUAL MEETING

The annual meeting of stockholders for Lattice Semiconductor Corporation will be held at the Embassy Suites Hotel, 9000 S.W. Washington Square Road, Tigard, Oregon 99223 on Monday, August 9, 1999, at 1:00 PM.

FORM 10-K

Financial information, including the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission, and on quarterly operating results is available by accessing our investor relations web site located at http://www.lscc.com or on request by telephoning the Lattice shareholder relations department.

COMMON STOCK
Lattice Semiconductor Corporation's common stock is traded on the NASDAQ National Market System under the symbol "LSCC."

STOCK PRICE HISTORY
The Company's common stock is traded on the over-the-counter market and prices are quoted on the NASDAQ National Market System under the symbol "LSCC." The following table sets forth the high and low sale prices for the last two fiscal years.

	Low	High
Fiscal 1998:		
First Quarter	41 1/2	62 5/8
Second Quarter	54 7/8	74 1/2
Third Quarter	45	67 1/2
Fourth Quarter	39 3/4	57
Fiscal 1999:		
First Quarter	25 5/8	54 5/8
Second Quarter	23 1/4	36 5/8
Third Quarter	18 7/8	46 1/2
Fourth Quarter	37 3/4	56 5/16

EXHIBIT 21.1

LATTICE SEMICONDUCTOR CORPORATION

SUBSIDIARIES OF THE REGISTRANT

	Name	Jurisdiction of Incorporation
1.	Lattice GmbH	Germany
2.	Lattice Semiconducteurs SARL	France
3.	Lattice Semiconductor AB	Sweden
4.	Lattice Semiconductor Asia Limited	Hong Kong
5.	Lattice Semiconductor International Limited	Jamaica
6.	Lattice Semiconductor KK	Japan
7.	Lattice Semiconductor (Shanghai) Co. Ltd.	China
8.	Lattice UK Limited	United Kingdom

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-33933, No. 33-35259, No. 33-38521, No. 33-76358, No. 33-51232, No. 33-69496, No. 333-15737, No. 333-40031, No. 333-69467, and 333-81035) and the Registration Statements on Form S-3 (No. 33-57512, No. 333-15741, and No. 333-40043) of Lattice Semiconductor Corporation of our report dated April 21, 1999 except as to Note 13, which is as of June 15, 1999 which appears in the Annual Report to Stockholders, which is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated April 21, 1999 relating to the financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Portland, Oregon
June 30, 1999

5
1,000

YEAR
APR-03-1999
MAR-29-1998
APR-03-1999
79,301
240,133
23,788
(881)
17,683
381,366
101,778
(56,785)
540,896
57,162
0
0
0
236
483,498
540,896
200,072
200,072
78,440
148,448
611
70
(11,279)
62,292
20,246
42,046
0
0
0
42,046
1.79
1.77