
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
December 9, 2009

Lattice Semiconductor Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-18032
(Commission File Number)

93-0835214
(IRS Employer
Identification No.)

5555 N. E. Moore Court
Hillsboro, Oregon 97124-6421
(Address of principal executive offices, including zip code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.05. Costs Associated with Exit or Disposal Activities.

On December 9, 2009, the Board of Directors of the Lattice Semiconductor Corporation (the “Company”) adopted a restructuring plan (the “December 2009 restructuring plan”). In connection with the December 2009 restructuring plan, the Company will establish an operations center in Singapore during the fourth quarter of fiscal 2009 and during fiscal 2010, which will result in the elimination of approximately 20 positions at other Company locations during fiscal 2010. The Company expects to record a restructuring charge of severance and related costs estimated to be approximately \$.9 million in connection with the December 2009 restructuring plan, of which approximately \$.6 million will be recorded in the fourth quarter of fiscal 2009. The December 2009 restructuring plan will be substantially completed by the fourth quarter of fiscal 2010.

Item 7.01. Regulation FD Disclosure.

On December 10, 2009, the Company issued a press release announcing a business update for the fourth quarter of fiscal year 2009. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information in this Item 7.01 and in Exhibit 99.1 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events.

The Company recently provided notice to certain distributors in the Asia-Pacific region, including Dragon Technology Distribution (“Dragon”) and FE Global Electronics, of Lattice’s intention to terminate the distribution agreements between Lattice and those distributors, effective for various territories between February 1 and February 6, 2010. This action was taken by the Company in connection with the reorganization of its distribution channels from a sell-in to a sell-through distribution model. Dragon accounted for approximately 11.7%, 5.4% and 5% of the Company’s revenue in the first three quarters of fiscal 2009, and in fiscal 2008 and fiscal 2007, respectively. The Company estimates that these terminations will reduce revenue in the fourth quarter of fiscal 2009 by approximately \$1.0 million.

Forward-Looking Statements Safe Harbor Statement

The foregoing paragraphs contain forward-looking statements, including statements relating to Lattice’s intention to establish an operations center in Singapore during the fourth quarter of fiscal 2009 and during fiscal 2010, the Company’s intention to eliminate various positions at other Company locations, the Company’s estimate of the restructuring charge for severance and related costs associated with this restructuring, Lattice’s ability to complete the proposed restructuring in the fourth quarter of fiscal 2010, and the anticipated impact that the termination of the distributors will have on Lattice’s revenue during the fourth quarter of fiscal 2009. These statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, any changes in Lattice’s intentions or timing regarding the establishment of the operations center in Singapore, Lattice’s success in replacing the revenue from the distributors and other risks described in Lattice’s SEC filings, including its most recent quarterly report on form 10-Q and Annual Report on Form 10-K. All forward-looking statements are based on management’s estimates, projections and assumptions as of the date of this report. Lattice undertakes no obligation to update or revise any forward-looking statements.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are being filed or furnished herewith:

99.1 Press release, dated December 10, 2009, entitled "Lattice Semiconductor Raises Guidance for Fourth Quarter 2009" (furnished herewith).

SIGNATURES

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

LATTICE SEMICONDUCTOR CORPORATION

Date: December 10, 2009

By: _____ /s/ **BYRON W. MILSTEAD**
Byron W. Milstead
Corporate Vice President and
General Counsel



News Release

For more information contact:

Michael G. Potter
Chief Financial Officer
Lattice Semiconductor Corporation
503-268-8000

David Pasquale
Global IR Partners
914-337-8801
lsc@globalirpartners.com

**LATTICE SEMICONDUCTOR RAISES
GUIDANCE FOR FOURTH QUARTER 2009**

HILLSBORO, OR – December 10, 2009 - Lattice Semiconductor (NASDAQ: LSCC) today announced updated guidance for the fourth quarter ending January 2, 2010.

- Fourth quarter revenue is now expected to increase by approximately 10% to 13% sequentially. This upward revision compares to previous guidance that fourth quarter revenue would be up 6% to 10% sequentially. The revision is based on stronger than expected turns business across most of our products.
- As the final planned step of our previously announced efforts to transition certain of our distributors from sell-in to a sell-through distribution model, in December 2009 we commenced the termination of two additional sell-in distributors in Asia. We estimate that this process will reduce revenue in the fourth quarter of 2009 by approximately an additional \$1.0 million. This is in addition to the previously announced approximate \$1.0 million revenue impact from the conversion of two other distributors from sell-in to sell-through. The guidance announced today includes the anticipated effect of these conversions.
- Gross margin percentage is expected to be approximately 53% to 55% of revenue, unchanged from prior guidance.

- Total operating expenses are now expected to be approximately \$26.9 million. The increase compared to prior guidance of \$26.0 million is due to \$0.9 million of restructuring charges related to our previously-announced July 2009 headcount reductions, the move of our warehouse to Singapore and the planned opening of an operations center in Singapore.
- Pursuant to a public tender offer, we have tendered \$14.0 million par value of corporate bonds subject to credit default risk auction rate securities. The fair value of these securities as of the end of the third quarter 2009 was approximately \$6.6 million. Should all of the tendered securities be accepted, we would realize a gain of approximately \$2.8 million. However, we cannot guarantee that all or any of the securities will be accepted under the tender offer.
- We continue to expect to return to profitability for the fourth quarter of 2009. This is based on current views with respect to operating and market conditions, which are subject to change, and is inclusive of the additional restructuring charges not included in the previous guidance. This expectation assumes the absence of any impairment charges related to an other-than-temporary decline in fair value of auction rate securities held in Long-term marketable securities.

No conference call will be held in conjunction with this guidance update. Additional information related to the fourth quarter will be available when the Company reports its fourth quarter 2009 results.

Forward-Looking Statements

The foregoing business update contains forward-looking statements including statements relating to our business outlook: including our revenue, gross margin and operating expense expectations, our estimated restructuring charges, our estimated impact of our distribution transition on revenues for the fourth quarter of 2009, our anticipated gain from the tender of certain auction rate securities and to our expectation of a return to profitability during the fourth quarter of 2009. Lattice believes the factors identified below in connection with each such statement could cause actual results to differ materially from the forward-looking statements.

Estimates of future revenue are inherently uncertain due to, among other things, the high percentage of quarterly “turns” business, as well as such factors as the demand for our products, and our ability to supply products to customers in a timely manner. Our estimate of operating expenses could be affected by unanticipated expenses during the final month of the quarter. Our expectations with respect to restructuring of our distribution model can be adversely affected if our new distribution partners are not as successful as our former distribution partners or if the transition is not accepted by our end-user customers.

In addition to the foregoing, other factors that may cause actual results to differ materially from the forward-looking statements herein include any changes in our intentions or timing in establishing an operations center in Singapore, global economic uncertainty, overall semiconductor market conditions, our dependence on the communications end market, market acceptance and demand for our new and existing products, our dependencies on our silicon wafer suppliers, the impact of competitive products and pricing, technological and product development risks, the compromised liquidity of our auction rate securities and the other risks

that are described herein and that are otherwise described from time to time in our filings with the Securities and Exchange Commission. The Company does not intend to update or revise any forward-looking statements, whether as a result of events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

About Lattice Semiconductor

Lattice is the source for innovative FPGA, PLD, programmable Power Management and Clock Management solutions. For more information, visit www.latticesemi.com.

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