

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 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)

September 28, 1995

LATTICE SEMICONDUCTOR CORPORATION  
(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or other jurisdiction of incorporation)

0-18032  
(Commission File No.)

93-0835214  
(IRS Employer Identification Number)

5555 NE Moore Court  
Hillsboro, Oregon 97124-6421  
(Address of Principal Executive Offices)

(503) 681-0118  
(Registrant's Telephone Number, Including Area Code)

Item 5. Other Events

Lattice Semiconductor Corporation (the "Company") signed a definitive agreement on September 14, 1995 with United Microelectronics Corporation ("UMC") to join several other fabless semiconductor companies in a previously announced venture to form a separate Taiwanese company for the purpose of building and managing an advanced semiconductor manufacturing facility in Hsin Chu City, Taiwan, Republic of China.

Under terms of the agreement, the Company will invest \$60 million, payable in three installments over the next two years, for a 10% equity interest in the venture. The proposed facility is expected to commence production of eight-inch sub-micron wafers during the second half of 1997. UMC will transfer its 0.5 micron, and when developed, its 0.35 and 0.25 micron process technologies to the venture on a royalty free basis. As a result of its equity ownership, the Company will receive rights to a percentage of the wafer production from the new facility. Formation of the venture is subject to a number of conditions: including arrangement of the necessary debt financing and obtaining requisite government approvals.

In a related arrangement, UMC has committed to supply the Company with sub-micron wafers beginning in the first calender quarter of 1996 and continuing, with phased increases, until such capacity is available from the new facility.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

- 10.1 Bridge Capacity Letter dated September 12, 1995 between Lattice Semiconductor Corporation and United Microelectronics Corporation. (Confidential treatment has been requested with respect to this exhibit. A full unredacted copy of this exhibit has been filed with the Securities and Exchange Commission pursuant to such request.)
- 10.2 Foundry Venture Side Letter dated September 13, 1995 among Lattice Semiconductor Corporation, United Microelectronics Corporation and FabVen. (Confidential treatment has been requested with respect to this exhibit. A full unredacted copy of this exhibit has been filed with the Securities and Exchange Commission pursuant to such request.)
- 10.3 FabVen Foundry Capacity Agreement dated as of August \_\_, 1995 among FabVen, United Microelectronics Corporation and Lattice Semiconductor Corporation. (Confidential treatment has been requested with respect to this exhibit. A full unredacted copy of this exhibit has been filed with the Securities and Exchange Commission pursuant to such request.)
- 10.4 Foundry Venture Agreement dated as of August \_\_, 1995, between Lattice Semiconductor Corporation and United Microelectronics Corporation. (Confidential treatment has been requested with respect to this exhibit. A full unredacted copy of this exhibit has been filed with the Securities and Exchange Commission pursuant to such request.)

SIGNATURE

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

Dated: October 2, 1995

By: /s/ Rodney F. Sloss

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Rodney F. Sloss  
Vice President, Finance

LATTICE SEMICONDUCTOR CORPORATION

CURRENT REPORT ON FORM 8-K

INDEX TO EXHIBITS

Exhibit No.	Description
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\*OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE  
SECURITIES AND EXCHANGE COMMISSION

UNITED MICROELECTRONICS CORPORATION  
No. 13 Innovation Road I  
Science Based Industrial Park  
Hsin Chu City, Taiwan, R.O.C.  
telephone (035) 782-258; facsimile (035) 774-767  
12 September 1995

Cyrus Tsui  
President  
Lattice Semiconductor Corp.  
5555 N.E. Moore Court  
Hillsboro, OR 97124-6421  
fax (503) 681-3077

Dear Mr. Tsui:

As promised yesterday, UMC commits the combined capacity amounts from UMC  
and from the foundry ventures in the following specific quantities:

\*

- Notes: 1) All amounts are conditioned upon Lattice's signatures on and  
payments under the Foundry Venture and Foundry Capacity Agreements  
for Module D.
- 2) All are 6 inch equivalents in wafer starts per month w/normal cycle  
time.
- 3) For all amounts, UMC calculates 1.9 six inch wafers are equivalent  
to each eight inch wafer.
- 4) The amounts shown are cumulative for the periods involved of all  
quantities supplied from UMC fabrication facilities and/or joint  
ventures.
- 5) The pricing for this capacity shall be as agreed by the parties,  
with a maximum Wafer price of \* of UMC's standard CMOS logic  
processes for wafers of similar geometrics, purchase volumes  
and cycle times.

As mentioned, this letter commitment is contingent upon Lattice entering into  
the Foundry Venture Agreement and Foundry Capacity Agreement on or before  
September 13, 1995. As agreed, all wafer purchases under this Bridge Capacity  
Letter shall be handled under the procedures and subject to the specific  
provisions of the Foundry Capacity Agreement, or as otherwise agreed in writing  
between UMC and Lattice.

In addition, please rest assured that UMC will work diligently to bring  
up the processes provided by Lattice in as prompt a manner as is commercially  
and technically practicable. To the extent that our implementation of your  
processes takes longer than expected for reasons attributable to UMC and/or  
our personnel, \*. As discussed and unless otherwise agreed, we will provide  
the capacity in this commitment from a \* (with each of us cooperating during  
the transition from UMC to the new venture's facility).

Finally, and without limiting the obligations under the confidentiality  
provisions of the Foundry Venture Agreement, FabVen and UMC will treat as  
confidential all processes provided by Lattice which are designated by Lattice  
as "Confidential" as provided by the procedures stated in the Foundry Venture  
Agreement, and, without the written consent of Lattice, neither FabVen nor UMC  
shall use or otherwise disclose any such process for any purpose other than the  
fabrication of wafers for Lattice. UMC and Lattice anticipate they will enter  
into an appropriate non-disclosure and restrictive use agreement with respect to  
such information so that each party is reasonably protected with respect to its  
proprietary information.

CONFIDENTIAL

Bridge Capacity Letter

We understand that you are relying upon this Bridge Capacity Letter in entering into the Foundry Venture and Foundry Capacity Agreements, as well as for planning your future wafer capacity supply and, in turn, commitments to other customers. We also confirm that the provisions of the letter entitled "Written Assurances Re: Foundry Venture Agreement" for the venture at Module D will be the same as that for Module C, that, upon signature by Lattice, that letter will be an enforceable agreement between UMC and Lattice, and, upon execution of all Ventures, that letter shall be treated as an amendment to those agreements.

We value Lattice's participation and look forward to a very successful venture.

Yours sincerely,

Peter Chang

AGREED TO AND ACKNOWLEDGED ON BEHALF OF LATTICE:

/s/Steven Laub

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Authorized Signature

CONFIDENTIAL

Bridge Capacity Letter

\*OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE  
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UNITED MICROELECTRONICS CORPORATION  
No. 13 Innovation Road I  
Science Based Industrial Park  
Hsin Chu City, Taiwan, R.O.C.  
telephone (035) 782-258; facsimile (035) 774-767  
September 13, 1995

WRITTEN ASSURANCES RE: FOUNDRY VENTURE AGREEMENT

At the suggestion of several venturers, UMC is pleased to confirm in writing the following points concerning the Foundry Venture Agreement and the Foundry Capacity Agreement. Where these commitments require the consent of FabVen, UMC will exercise its influence and commit best faith efforts to secure that consent.

1. ALL VENTURERS ARE OFFERED EQUAL TERMS

As stated in the Foundry Venture Agreement, the terms of investment and of wafer purchases to each Venturer under the Foundry Venture Agreement and under the Foundry Capacity Agreement are the same, except for the percentages of ownership and capacity rights of each Venturer [capacity rights for Venturers are equal to \* times the percentage of ownership]; provided however that Venturers who commit to a minimum of \* will have the right to appoint a representative to a seat on the board of directors for the initial three year term.

2. ACCESS TO BOARD MEETINGS & BOARD MEMBERS

Subject to the obligations of Confidentiality imposed under the Foundry Venture Agreement, the Foundry Capacity Agreement, and/or the Technology Transfer and License Agreement ("Venture Agreements"), and to the requirements of law, each Venturer will be given reasonable notice of meetings of the board of directors of FabVen, and the opportunity to have a representative attend such meetings and communicate at such meetings with the board members in connection with matters concerning FabVen.

3. MEMBERSHIP ON FABVEN BOARD--FIRST THREE YEARS AND BEYOND

The board of directors of FabVen will be comprised of seven members. Of these seven members, \* will be appointed by UMC for an initial three year term, \* will be appointed by the R.O.C. financial institutions which invest in FabVen for an initial three year term, and the other \* board members will be appointed for an initial three year term by the Venturers other than UMC under procedures to be mutually agreed upon by such Venturers, provided that any Venturer who holds at least \* of the shares of FabVen will be entitled to appoint \* of such other \* board members. After the initial three year term, the board will be elected by the shareholders pursuant to R.O.C. law in the manner provided in the bylaws.

4. STRATEGIC ACTIONS SUBJECT TO SPECIAL BOARD APPROVALS

Subject to the other requirements of the law, and for so long as the Venturer involved remains in compliance with all payment obligations under the Foundry Venture Agreement and such Venturer retains at least \* of the ownership percentage in FabVen as listed in Paragraph 4.1 of the Foundry Venture Agreement, all board actions directly deciding strategic technical issues [including without limitation, the type of process technology (such as that used in the manufacture of \*) to be

developed, implemented and/or offered by FabVen, the amendment of the Technical Transfer and License Agreement, and/or the transfer or licensing of technology developed by FabVen to others (except as contemplated under the Technology Transfer and License Agreement)] shall not be effective unless and until approved by at least \* of the board members designated by the Venturers other than UMC, and (ii) all board actions authorizing liquidation of FabVen, merger of FabVen, sale of all or substantially all of FabVen or of FabVen's assets, and/or the offering of any equity (except pursuant to a public offering of FabVen shares on a recognized securities exchange) shall not be effective unless and until approved by \* board members designated by the non-UMC Venturers under the terms of the Foundry Venture Agreement.

5. NO UNAUTHORIZED CHANGES TO TECHNOLOGY ROADMAP

For so long as the Venturer involved remains in compliance with all payment obligations under the Foundry Venture Agreement and such Venturer retains at least one half of the ownership percentage as listed in Paragraph 4.1 of the Foundry Venture Agreement, FabVen shall not make any material changes to the Technology Road Map as shown in Attachment A which affect such Venturer's existing and/or planned production without the consent of that Venturer.

6. CONDITIONAL "PUT" RIGHT

To the extent that FabVen fails (i) to qualify silicon manufactured with \* processes each having a minimum of \* feature sizes under a test vehicle to be agreed upon by FabVen, UMC and a majority of the Venturers other than UMC (including without limitation, a test vehicle from a Venturer, provided that such qualification under a test vehicle from a Venturer is commercially reasonable and within industry standards) ("First Qualification") on or before the end of December 31, 1998, and/or (ii) to achieve the ability to manufacture a minimum of \* wafer outs per month for such \* process and \* wafer outs per month for such \* process on or before December 31, 1998 for reasons attributable to UMC, FabVen and/or the Licensed Processes, the Venturers (one or more of them) will have the option to sell their shares (and their corresponding rights to capacity in FabVen) to UMC for the total amount they paid for such shares by sending written demand to UMC as follows:

(a) No such demand shall be effective unless it is made on or before April 1, 1999; and

(b) Within ninety days of such written demand from the Venturer involved, UMC will buy the shares (and capacity rights) involved, and/or arrange another buyer willing to purchase such shares (and capacity rights) under the terms and conditions as stated in this heading.

7. RELEASE OF SHARE TRANSFER RESTRICTION IF NO PUBLIC OFFERING

To the extent that FabVen does not offer its shares in a public offering on a recognized securities exchange on or before December 31, 2006, and notwithstanding anything to the contrary, each Venturer other than UMC will have the right to transfer its entire right and interests in FabVen as follows:

(a) The Venturer wishing to transfer ("Transferring Venturer") shall send the other Venturers (including UMC) written notice of its intention to transfer, stating in such notice the general terms and payment contemplated by such Transferring Venturer;

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(b) Within thirty days (the "Transfer Notice Period") of such notice, any one or more such other Venturers may send a written offer to purchase such Transferring Venturer's interest under terms to be stated in the written offer [for purposes of this Paragraph, each other Venturer making such an offer shall be referred to as the "Offering Venturer"];

(c) If no other Venturer makes such an offer within the Transfer Notice Period, then, subject to subpart (g) below, the Transferring Venturer shall be allowed to transfer its entire interest and ownership in FabVen to other purchasers.

(d) If any Offering Venturer makes such an offer within the Transfer Notice Period, the Transferring Venturer and the Offering Venturer will negotiate in good faith concerning each such offer for not less than thirty days (the "Transfer Negotiation Period").

(e) If by the end of the Transfer Negotiation Period and despite such negotiations, the Transferring Venturer has not reached agreement with the Offering Venturer(s) for sale of the Transferring Venturer's interest, then, subject to this Paragraph (and all of its subparts), the Transferring Venturer shall be allowed to transfer its entire interest and ownership in FabVen to other purchasers.

(f) Notwithstanding anything to the contrary, no Transferring Venturer shall be allowed to accept from any third party any offer with price and terms, taken together, which are less favorable than last offered in writing by an Offering Venturer during the Transfer Notice and/or Transfer Negotiation Periods, unless such Transferring Venturer first offers the same price terms to such Offering Venturer in writing, and allows such Offering Venturer ten business days to accept or reject such price and terms.

(g) Except as permitted in paragraph 4.1(f) of the Foundry Venture Agreement and/or in Paragraph 15 of this Written Assurance, no Venturer may transfer its interest or right in FabVen under this paragraph or otherwise in any manner to any competitor of UMC or to any entity in the business of fabricating integrated circuits except under terms (i) in which such Venturer first relinquishes and releases all rights to FabVen capacity and to designate membership on the FabVen board of directors under this and any and all other agreements, and (ii) in which such entity and/or competitor expressly consents in writing that they have no such interest or right to such capacity and/or designation.

#### 8. TECHNOLOGY TRANSFER AND LICENSE CONDITION TO FIRST PAYMENT

Notwithstanding anything to the contrary, the execution of the Technology Transfer and License Agreement in the form presented to the Venturers as of September 15, 1995 shall be a condition precedent to any payment of investment amounts pursuant to the Foundry Venture Agreement.

#### 9. CLARIFICATION OF \* CONDITION TO THIRD INSTALLMENT

Notwithstanding anything to the contrary, the milestone for the third investment payment milestone shall be on or before \* as that phrase is generally understood and interpreted in the industry.

10. USE OF INVESTMENT MONIES

Unless otherwise agreed by each Venturer, FabVen will use all funds invested by the Venturers pursuant to paragraph 4.1(b) of the Foundry Venture Agreement solely as outlined in and consistent with the FabVen Business Plan.

11. RIGHTS OF FIRST REFUSAL ON SUBSEQUENT OFFERINGS

FabVen will provide the Venturers with notice reasonable under the circumstances in order to enable them to exercise their rights of first refusal in connection with equity offerings pursuant to paragraph 4.1(g) of the Foundry Venture Agreement.

12. VESTING OF TECHNICAL SHARES

UMC's technical shares will not vest under paragraph 4.1(d) of the Foundry Venture Agreement until FabVen produces wafers with the \* process (as that phrase is defined in general industry usage) with sufficient yield to be recognized as "production ready" within general industry usage.

13. AUDIT RIGHTS

The specific wording of the provisions contemplated under paragraph 4.2 of the Foundry Venture Agreement with respect audit rights and financial information will be as stated by Price Waterhouse, with their commitment to prepare the reports as promptly as possible under the circumstances. The exact language for the audit rights will be modeled on whatever Price Waterhouse and the other accountants agree upon in connection with the joint venture announced with UMC, Alliance and S3. Currently, it is contemplated that the financials will be prepared in a manner consistent with that imposed on U.S. public companies for minority interests.

14. TERMS FOR RIGHTS OF FIRST REFUSAL UNDER PARAGRAPH 4.1(f)(iv)

The rights of first refusal under Paragraph 4.1(f)(iv) of the Foundry Venture Agreement are intended to extend to and benefit all other eligible Venturers. To avoid any ambiguity, 4.1(f)(iv)(cc) and 4.1(f)(iv)(dd) are to be interpreted as follows:

(cc) if any such eligible other Venturer elects not to exercise any portion or all of such right of first refusal within 30 days of the independent appraisal, such portion of such right of first refusal will be subject to exercise by the other eligible other Venturers in proportion to their then existing shareholdings in FabVen, and the shares involved will be subject to a right of such other eligible other Venturers to purchase on the same terms as outlined above; and

(dd) if any such other eligible other Venturer does not commit to purchase such shares within 60 days of the independent appraisal, all rights under this Paragraph 4.1(f)(iv) will expire as to such unpurchased shares.

15. TRANSFERS OF SHARES AFTER PUBLIC OFFERING

Nothing in Paragraph 6.2(c)(i) of the Foundry Venture Agreement or elsewhere shall prohibit a Venturer from offering and/or selling its shares in FabVen on the public market to a competitor of UMC, provided however that such competitor must relinquish all rights to representation and access to Board information under the Foundry Venture Agreement and under this Written Assurance, and provided that the restrictions of Paragraph 6.2(c)(ii) of the

Foundry Venture Agreement and of Paragraph 7 of this Written Assurance shall still apply, and provided further that the other restrictions concerning transfers of capacity and reductions in capacity on a proportional basis with reductions in ownership will also apply.

16. TRANSFERS OF CAPACITY AMONGST VENTURERS

Notwithstanding anything to the contrary, the Venturers in Module D may each transfer their respective capacities (whether or not previously forecast) as stated in Paragraph 2.1 of the Foundry Capacity Agreement to and between one another by written notice to FabVen and the other Venturers, provided that such written notice must state the capacity amounts so transferred and the months in which such transfer will apply and provided that FabVen's consent (which must not be unreasonably withheld) shall be required for a transfer of quantities previously committed under Paragraph 2.3(b) of the Foundry Capacity Agreement. To the extent that FabVen receives such written notices \* or more days prior to the beginning of each month in which such capacity is to be transferred, such capacity will be treated as if allocated to the Venturer to whom it has been transferred for all purposes for the period of the transfer involved, including, without limitation, for purposes of forecasts, commitments, and the right of FabVen to commit to others any capacity unexercised by the Venturers.

17. \* WARRANTY

The warranty period as stated in Paragraph 5.1 of the Foundry Capacity Agreement, and the claim period as stated in Paragraph 5.3 of the Foundry Capacity Agreement shall each be \*.

18. CLARIFICATION OF PARAGRAPH 5.4 OF THE FOUNDRY CAPACITY AGREEMENT

The limitations of paragraph 5.4 of the Foundry Capacity Agreement are intended to limit the remedies under the Warranty provisions, Section 5 of the Foundry Capacity Agreement. Thus, the Paragraph will be understood and interpreted as follows:

THIS PARAGRAPH 5.4 STATES THE ONLY AND EXCLUSIVE REMEDY FOR ANY AND ALL CLAIMS MADE AGAINST FABVEN UNDER THIS SECTION 5 OF THIS FOUNDRY CAPACITY AGREEMENT.

19. CONFIRMATION OF "COVER" REMEDY

To the extent an intentional breach by FabVen of its obligations concerning wafer start and/or delivery under the Foundry Capacity Agreement results in a delay of more than \* days in delivery of Wafers to a Venturer, then, notwithstanding anything to the contrary, at the election of the Venturer, FabVen will compensate such Venturer for reasonable damages of such Venturer in securing substitute or cover Wafers for those involved in the breach, subject to the limitation stated below. In addition, to the extent that FabVen breaches its warranties under Section 5 of the Foundry Capacity Agreement, and fails, for reasons attributable to a breach by FabVen or the Licensed Process to correct such breach after two successive attempts to do so, then, at the election of the Venturer, FabVen will compensate such Venturer for reasonable damages of such Venturer in securing substitute or cover Wafers for those involved in the breach, subject to the limitation stated below. Notwithstanding anything to the contrary, for purposes of this commitment in Paragraph 19 of this Written Assurance, the recoverable substitute and/or cover damages shall be (i) the reasonable and necessary costs to replace mask sets for the products involved, together with (ii) the difference between (aa) the price which the Venturer would have paid for the Wafers had FabVen fully performed (the "contract price"), and (bb) all direct and reasonable costs (up to a maximum of \* of the contract price) incurred by the Venturer in securing substitutes and/or cover.

20. LEASE TERM AND LEASEHOLD IMPROVEMENTS

Notwithstanding anything to the contrary under any local real estate or other law, custom or practice, UMC will consider all investments, improvements and fixtures purchased by FabVen to be the property of FabVen, and UMC will not request higher rents under the lease of Module D as a result of any such investment, improvement and/or fixture. In addition, at the request of FabVen, UMC will negotiate in good faith with FabVen over additional extensions of the lease term beyond the fifteen year period contemplated under the Foundry Venture Agreement, and, to the extent that UMC retains the underlying right to do so, UMC will renew the lease to FabVen for the land of Module D for subsequent five year terms continuing until the term (or partial term) ending \*. Without limiting the terms of the Foundry Venture Agreement, the lease rate for the land for Module D will be proportional to the amount paid by UMC to the Park Administration for the respective square footage involved, plus a reasonable amount to cover overhead directly related to the lease (not to exceed \* of the rate for the respective share).

21. CONTINUED ASSISTANCE BY UMC

Notwithstanding anything to the contrary, UMC will continue to provide technical assistance to FabVen with respect to the Licensed Processes to the extent and for the period reasonably necessary to permit each Venturer to qualify its products on each Licensed Process which is suitable for the production of such products. In addition, UMC will make good faith efforts to improve and develop UMC technology so as to enable UMC to provide that technology to be provided to FabVen by UMC as shown in the Technology RoadMap.

22. CHOICE OF LAW--NO "HIDDEN" MEANINGS

To the extent any aspect of Taiwan law purports to alter the express meaning of any term of the Technology Transfer and License Agreement, such term will not be governed by Taiwan law, but instead will be governed by California law so as to give effect to the express intention of the parties as stated in that agreement.

23. CONFIRMATION OF SCOPE OF LICENSE

All licenses granted and/or to be granted under the Technology Transfer and License Agreement are intended to include rights to import, to offer to sell, and to otherwise dispose of Wafers, Die and product made using the Wafers made, together with all other rights stated.

24. NO KNOWN INFRINGEMENTS--UMC

UMC represents and warrants to the Venturers and to FabVen that UMC has no actual knowledge that the Licensed Process (as defined in the Technology Transfer and License Agreement) infringes any Patent Claims (as defined below).

25. NO KNOWN INFRINGEMENTS--FABVEN

FabVen represents to each of the Venturers that, to its or UMC's actual knowledge as of August 29, 1995, the technology, processes, masks and other information transferred or licensed to FabVen under the Technology Transfer and License Agreement or otherwise used in the manufacture of products pursuant to the terms of this Foundry Venture Agreement and/or the Venture Agreements will not infringe any valid patent rights enforceable under R.O.C. and/or U.S. law ("Patent Claims"), provided however that "Patent Claims" shall not include claims arising out of and/or in connection with patents licensed to UMC by third parties as of

August 29, 1995. FabVen shall indemnify and hold harmless each of the Venturers from and against any such Patent Claims (i) to the extent arising out of a breach of this representation, and/or (ii) to the extent and proportional to any claim that such Venturer is liable as a direct and/or indirect result (aa) of its execution of this Foundry Venture Agreement or any of the Venture Agreements, and/or (bb) of its investment in FabVen and/or any actions under such agreements on any agency, express or implied partnership or joint venture, respondent superior, piercing the corporate veil, conspiracy or other legal theory whereby liability is asserted against such Venturer for or on account of actions of FabVen. Under no circumstances shall FabVen have any obligation under this Paragraph with respect to any Venturer who conspires and/or cooperates, other than pursuant to process of law, with the person raising the Patent Claim for which indemnity is sought, with respect to such Patent Claim. Notwithstanding anything to the contrary, and except for breaches of the representation of FabVen in the first sentence of this Paragraph, FabVen will not indemnify or hold any Venturer harmless from or against any Patent Claim to the extent arising out of the manufacture for such Venturer and/or the purchase, use and/or sale of products by that Venturer, provided however that with respect to such Patent Claims the Venturer shall be entitled to the same replace or refund remedy as is set forth in Paragraph 5.4 of the Foundry Capacity Agreement with respect to defectively manufactured product, provided however that unless otherwise agreed, replacement product shall not satisfy FabVen's obligations under this Paragraph 25 unless that replacement is non-infringing.

26. CLARIFICATION OF PURPOSE

As is clear from the documents involved, FabVen shall be in the business of fabricating integrated circuits and developing related processes and know-how. In doing so, FabVen will sell Wafers to the Venturers and others as described in more detail in the Foundry Capacity Agreements.

27. CONFIRMATION OF COMMITMENTS BY FABVEN

FabVen will undertake its reasonable best efforts to implement the Technology Road Map attached to the Foundry Venture Agreement as Attachment A, to achieve the goals described in the FabCo Business Plan, and to achieve the \* wafer out minimums with respect to each of the \* processes described in Paragraph 6 above. In addition, and subject to the terms of this Foundry Venture Agreement, the Foundry Capacity Agreement and the Technology Transfer and License Agreement, FabVen will cooperate with each Venturer in a commercially reasonable manner to qualify products of such Venturer under the processes involved.

28. LIMITED DISCOVERY IN CONNECTION WITH ARBITRATION

Notwithstanding anything to the contrary in the Foundry Venture Agreement, the arbitrators will have the power to require discovery in connection with any dispute within their jurisdiction pursuant to the Federal Rules of Civil Procedure to the extent they find such discovery necessary to achieve a fair and equitable result, and subject to reasonable orders from the arbitrators to minimize the burdens involved and to focus the discovery on those areas necessary. All reasonable costs of such discovery (including attorneys' fees) incurred by a party which prevails in the arbitration in connection with the issue involved in the discovery will be recoverable by that party against the party which requested the discovery.

29. CONFIRMATION OF OBLIGATIONS CONCERNING PROPRIETARY PROCESSES

Without limiting the obligations under the confidentiality provisions of the Foundry Venture Agreement, and at the written request of a Venturer, FabVen will treat as confidential all processes provided by a Venturer which are designated by that Venturer as "Confidential" under the Foundry Venture Agreement, and, without the written consent of the Venturer which provided the process, FabVen shall not use or otherwise disclose any such process for any purpose other than the fabrication of Wafers for such Venturer.

30. RATIFICATION BY FABVEN

UMC shall exert best faith efforts to have FabVen ratify in writing the commitments and obligations under this Written Assurance which apply to FabVen.

31. APPROPRIATE PUBLIC OFFERING ROADMAP

Promptly upon incorporation of FabVen, the parties will use reasonable best efforts to pursue discussions with mutually acceptable investment bankers or other appropriate people to attempt to establish the appropriate roadmap to an initial public offering.

32. APPROPRIATE RESOLUTION MECHANISM FOR DISPUTES

Promptly upon incorporation of FabVen, the parties will use reasonable best efforts to discuss and evaluate dispute and conflict resolution mechanisms and procedures in an attempt to anticipate and hopefully resolve matters.

We request that each Venturer countersign this Written Assurance below to signify their approval and assent to its terms, and to confirm that we each will hold this Written Assurance as an integral and material part of our Foundry Venture Agreements.

Yours sincerely,

John Hsuan, President

AGREED ON BEHALF OF Lattice Semiconductor Corporation  
-----  
Name of Venturer

As of September 13, 1995 /S/Steven Laub  
-----  
Authorized signature

RATIFIED BY FABVEN \_\_\_\_\_  
Authorized signature

\* OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE  
SECURITIES AND EXCHANGE COMMISSION

FABVEN FOUNDRY CAPACITY AGREEMENT

This Foundry Capacity Agreement ("Foundry Capacity Agreement") is entered into as of August \_\_, 1995 ("the Effective Date") by and amongst FabVen, a Taiwan corporation having its principal place of business at No. 3 Li-Hsin Road, Science-Based Industrial Park, Hsin Chu City, Taiwan, R.O.C. ("FabVen"), United Microelectronics Corporation, a Taiwan corporation having its principal place of business at No. 13, Innovation Road 1, Science-Based Industrial Park, Hsin Chu City, Taiwan, R.O.C. ("UMC"), and Lattice Semiconductor Corp., a corporation with its headquarters in Oregon ("Lattice").

1. DEFINITIONS

1.1 "Foundry Products" and/or "Products" shall mean those integrated circuits designed and/or licensed by one or more of the Venturers and/or any of the subsidiaries of the Venturers which FabVen manufactures for sale by the specific Venturer involved under this Foundry Capacity Agreement.

1.2 "FabVen Production Capacity" and/or "Production Capacity" shall mean commercial production capacity in FabVen's facilities in quantities designated as 8-inch equivalent wafer starts during the month involved.

1.3 "Proprietary Information" shall for purposes of this Foundry Capacity Agreement have the same meaning as defined for Confidential Information under the Foundry Venture Agreement.

1.4 "Technology Transfer and License Agreement," "Foundry Venture Agreement," and "Foundry Venture Memorandum of Understanding" shall mean the agreements having those titles as entered by and between UMC and the other Venturers in connection with the business of FabVen.

1.5 "Venturers" shall mean Lattice and UMC, and such others (collectively "OtherVen") as may be arranged by UMC to participate in the Foundry Venture Agreement and Foundry Capacity Agreement pursuant to the terms of paragraph 4.1(b) of the Foundry Venture Memorandum of Understanding, provided that each OtherVen must confirm in writing that they will be bound by and comply with the terms of this Foundry Capacity Agreement as if they were expressly named as a Venturer. LATTICE expressly consents to the participation of OtherVen, and such participation of OtherVen shall not in any manner relieve Lattice of any obligations hereunder.

2. PRODUCTION OF FOUNDRY PRODUCTS

2.1 Subject to the terms of this Foundry Capacity Agreement, and for so long as such Venturer holds a minimum of \* of their initial ownership percentage of FabVen, such Venturer will

have the right of first refusal for FabVen Production Capacity in an amount up to the maximum respective percentages shown in the table below (each a "Production Capacity Percentage"):

Venturer	Production Capacity Percentage
Lattice	*
OtherVen	TBD%

Provided however that during any period when any Venturer's total FabVen shareholding falls below one-half of their initial percentage of the total outstanding FabVen shares under the terms of the Foundry Venture Agreement, such Venturer's Production Capacity Percentage shall instead be equal to the percentage of the then total outstanding shares of FabVen then held by such Venturer.

2.2 During the first \* calendar days of each month during the term of this Foundry Capacity Agreement, FabVen will provide by facsimile to the Venturers written rolling forecasts of FabVen's anticipated Production Capacity for the next six full calendar months. These Production Capacity forecasts will not be commitments or representations that FabVen will achieve the quantities stated, but will be FabVen's best estimates of the quantities involved.

2.3 Subject to Paragraph 2.1, within \* calendar days of receipt of each Production Capacity forecast under Paragraph 2.2 above during the term of this Foundry Capacity Agreement, each Venturer will provide to FabVen by facsimile a written rolling forecast of its wafer capacity requirements from FabVen for the next six full calendar months ("forecast" and/or "six months wafer start requirements forecast").

(a) Each such forecast shall show the quantity of wafer starts and shall include the specific technology for the wafers listed. Each Venturer shall make good faith efforts to ensure that all such forecasts are reasonable estimates of their respective anticipated needs. Subject to this obligation, and except as expressly stated in this Paragraph 2.3, all such forecasts (and any responses to them) will be for planning purposes only, and will not create any obligation to purchase and/or sell Products.

(b) Each such six months wafer start requirements forecast shall constitute a commitment by the Venturer to purchase a minimum of the following percentages of the amounts indicated in the forecast:

Month in the forecast	First month of forecast	Second month of forecast	Third month of forecast	Fourth month of forecast	Fifth month of forecast	Sixth month of forecast
Minimum percentage commitment for amounts forecast for that month	*	*	*	*	*	*

(c) FabVen shall provide a written response to each six months wafer start requirements forecast within \* working days of FabVen's receipt of such forecast. Subject to the other terms of this Foundry Capacity Agreement, FabVen's response to each such forecast shall

accept the forecast for the quantities in the first \* months to the extent they are within the amounts allowed for the Venturer involved pursuant to Paragraph 2.1. FabVen's response may accept and/or reject in whole or in part any additional forecast quantities for those months.

2.4 Subject to Paragraphs 2.7 and 9.5 of this Foundry Capacity Agreement, to the extent that any forecast from any Venturer pursuant to Paragraph 2.3 fails to forecast the full "Production Capacity Percentage" of FabVen Production Capacity allocated to that Venturer under Paragraph 2.1 above during any one or more of the first \* months of such forecast: (i) by sending prompt written notice of the amount involved to the Venturer affected, FabVen shall be entitled in its sole and complete discretion to enter commitments with others for such unexercised capacity for the applicable months and in the amounts not so exercised, and (ii) such Venturer will not have the right to require FabVen to provide that unexercised capacity to that Venturer in the month(s) involved.

2.5 Notwithstanding anything to the contrary, FabVen will have no obligation to offer additional capacity beyond that stated in Paragraphs 2.1, 2.3 and 2.4 above and/or Paragraph 2.7 below to any Venturer. Nevertheless, during the term of this Agreement, each Venturer shall be entitled to negotiate with FabVen for such capacity on the same basis as others are permitted to negotiate.

2.6 Each Venturer may exercise rights of first refusal for foundry capacity under this Foundry Capacity Agreement solely for Products, and not for the purpose of offering or providing foundry capacity to others. Except as expressly provided below and/or in the Foundry Venture Agreement, no Venturer may transfer and/or assign its rights to capacity under this Foundry Capacity Agreement.

2.7 The Venturers will discuss in good faith the capacity needs of one another with respect to FabVen facilities and Production Capacity.

2.8 Notwithstanding anything to the contrary, and in addition to any other remedies or rights, in the event of any delays in delivery, or any breach of any warranty provided by FabVen under Section 5, any affected Venturer may adjust forecasted and/or ordered Product amounts, and/or cancel orders for affected Products, without breach of any minimum commitment obligations hereunder to take into account the impact of such delay on the Venturer's need for affected Products.

### 3. PRICING AND DELIVERY

3.1 All purchases of foundry services by the Venturers pursuant to this Foundry Capacity Agreement will be subject to FabVen's standard terms and conditions and its usual business practices, subject to any contrary requirements expressly imposed pursuant to the terms of this Foundry Capacity Agreement.

3.2 Except as expressly provided in this Foundry Capacity Agreement, all purchases of foundry services by the Venturers during the term of this Agreement will be at \* and

\*; provided however that if all Venturers consent in writing, FabVen may, prior to the completion of an offering of its shares on a recognized securities exchange, offer foundry service terms to the Venturers on such other terms as may be so expressly agreed.

3.3 For so long as the Venturer involved has a right to FabVen Production Capacity under Section 2.1 above, the prices and other purchase terms to such Venturer for foundry services from FabVen will be no less favorable than the prices and purchase terms which FabVen offers to any other entity for comparable processes and Products at comparable quantities; provided however that \*.

3.4 FabVen shall make its best efforts to achieve on-time delivery, and will make reasonable efforts to provide linear shipments. To the extent that FabVen complies with its commitments for wafer starts pursuant to the terms of this Foundry Capacity Agreement, and thereafter makes such efforts, FabVen shall not be liable to any Venturer for any delay in delivery.

#### 4. RELIABILITY AND QUALITY

4.1 Subject to the terms of FabVen's standard Non-Disclosure Agreement (the terms of which will be no more onerous than as stated in the Foundry Venture Agreement), FabVen will provide, upon written request of a Venturer, its available reliability and quality data regarding Products for the purpose of maintaining consistent quality and reliability standards for such Products throughout the term of this Foundry Capacity Agreement.

4.2 FabVen shall give the Venturers advance written notice of any proposed change(s) ("Proposed Change Notice") in materials and/or to its existing manufacturing process, which, to the best of FabVen's knowledge, might affect the form, fit, performance, maintainability, operation, function, reliability, interface, interconnectability, compatibility, design rules, models, or size of the chips for Products. Such Proposed Change Notice shall describe the nature of the proposed change(s), including reasons for the change(s), the anticipated schedule for implementation of the change(s), and other relevant technical and logistic considerations, including without limitation quality and reliability data to the extent available. The Venturers shall approve or disapprove any such proposed change promptly, but in no event may any such change be disapproved later than \* business days after receipt of the Proposed Change Notice. If any Venturer disapproves such proposed change within the \* business day period allowed, FabVen shall continue to manufacture and deliver to such Venturer unchanged Products in accordance with this Foundry Capacity Agreement for a minimum of \* from the date FabVen issues the Proposed Change Notice. Upon the expiration of \* after the following Proposed Change Notice, FabVen, in its discretion and by then giving a minimum of \* prior written notice to the Venturer, may stop manufacture and delivery of the Product involved without liability.

4.3 Subject to the other terms of this Foundry Capacity Agreement, the Venturers reserve the right to make any changes they deem appropriate to the design of Products to be fabricated for them by FabVen, provided however that each such change must be documented by the Venturer through written change notices. Notwithstanding anything to the contrary, after process qualification runs for a particular Product have been made and approved by those involved, any changes to design, process or materials for such Products requested by the Venturer shall be subject to FabVen's consent (which will not be unreasonably withheld) and payment by the Venturer of applicable reasonable costs, if any, related to such change.

4.4 During the term of this Foundry Capacity Agreement, FabVen shall maintain fab and test lot traceability for Products manufactured hereunder.

4.5 FabVen will promptly after discovery advise the Venturers involved of defects and/or non-conformity in Products already shipped to and/or in lots currently in manufacture for such Venturer(s). During the term of this Foundry Capacity Agreement, FabVen will provide each Venturer with written quarterly quality assurance reports regarding Products manufactured on behalf of that Venturer.

4.6 Wafer acceptance will be subject to process control monitor acceptance criteria to be mutually agreed upon between FabVen and the applicable Venturer on a process-by-process basis. Minimum yield and low yield lot criteria will be negotiated between FabVen and the applicable Venturer on a Product-by-Product basis.

## 5. WARRANTY AND ACCEPTANCE

5.1 FabVen warrants that the Products delivered will be free from defects in material and workmanship for a period of \* following delivery by FabVen, and will be processed according to FabVen standard processing specifications as well as in accordance with any additional processing requirements for such Products as may be agreed-upon in writing by FabVen and the Venturer. FabVen warrants that the Venturer will acquire good title to the Products free and clear of all liens, claims and encumbrances (other than liens, claims and encumbrances relating to alleged intellectual property infringement).

5.2 Upon receipt of written Stop Request, FabVen will immediately stop shipment of Products which are subject to a suspected failure to meet the criteria specified in Paragraph 5.1. If FabVen is responsible for such failure, or the Products in question are not in conformity with Paragraph 5.1, and FabVen is unable to correct it within \* of receipt of such a written Stop Request, then the Venturer involved may reject non-conforming Products which are subject to the failure, and, without penalty (including loss of capacity) cancel any then-committed but not yet shipped purchase order for such Products by sending written notice of cancellation to FabVen within \* of the written Stop Request. Such a notice of cancellation shall be effective on receipt by FabVen.

5.3 Products which are the subject of warranty claims shall be returned in component form (removed from boards where applicable) to FabVen pursuant to FabVen standard return

material authorization procedures. No warranty claim concerning Products, under this Foundry Capacity Agreement or otherwise, may be made more than four months after delivery by FabVen of the Products which are subject to the claim.

5.4 To the extent that any Product delivered under this Foundry Capacity Agreement fails to meet the warranties and/or requirements provided herein, and FabVen shall either (a) replace such Product not meeting the warranty with an equivalent number of replacement Products without charge, or (b) refund the payments made to FabVen for such Product, all within \* of receipt by FabVen of written notice from the Venturer of such non-conforming Products. The parties will discuss in good faith which of these two remedies is the most appropriate; provided however that if they cannot agree, FabVen shall have the option to choose in its sole discretion between the two remedies, and provided further that no refund and/or replacement shall be required unless the Products for which refund and/or replacement is sought are returned to FabVen pursuant to FabVen's return material authorization procedures. THIS PARAGRAPH 5.4 STATES THE ONLY AND EXCLUSIVE REMEDY FOR ANY AND ALL CLAIMS MADE AGAINST FABVEN UNDER THIS FOUNDRY CAPACITY AGREEMENT.

5.5 FabVen shall not be responsible for defects to the extent caused by assembly not performed by FabVen or by design or application, or by combination of Products with other components.

5.6 The exclusions and warranties in this Section 5 will survive the termination of this Foundry Capacity Agreement, and the exclusions and limitations of liability and of remedies shall apply notwithstanding any claim of a failure of any one or more remedies to accomplish their purpose. THE PARTIES EXPRESSLY WAIVE AND RELINQUISH ANY CONTRARY RIGHTS WITH RESPECT TO THE SUBJECT MATTER OF THIS SECTION 5 UNDER ANY APPLICABLE LAW, DECISION, AND/OR CUSTOM OR PRACTICE.

5.7 Upon written request from a Venturer and subject to satisfactory arrangements for payment to FabVen for the reasonable cost involved, FabVen will perform failure analysis of Products returned to FabVen pursuant to its standard return material authorization procedures. If such analysis shows the existence of material defects in breach of FabVen's warranties under this Foundry Capacity Agreement, FabVen will not be entitled to payment for the cost of the failure analysis concerning such defects for the specific Products which were subject to them.

5.8 If a Venturer requests FabVen to stop shipment of any Products which the Venturer is obligated to purchase pursuant to this Foundry Capacity Agreement, and the Products are subsequently determined in good faith by FabVen to have been processed in accordance with the requirements of this Foundry Capacity Agreement, FabVen shall be entitled to full payment for completed wafers and, in addition, for its reasonable direct costs for up to \* worth of work in progress. Under this Section 5.8, payment for completed wafers will be at the purchase order price, and payment for work in progress shall allow FabVen to recover all reasonable direct costs involved. All such payments will be paid in full within forty-five days of the date of FabVen's invoice for the amounts involved.

## 6. SHIPMENT AND TERMS OF PAYMENTS

6.1 Each Venturer guarantees the payment of any and all obligations accrued pursuant to purchase orders from such Venturer under this Foundry Capacity Agreement. Invoices for Products shall be paid at net forty-five (45) days after the end of the month of invoice date. Subject to contrary written agreement, invoices for Products delivered shall show the number of wafers and extended price in U.S. dollars.

6.2 FabVen shall deliver all Products to a freight forwarder in the R.O.C. as designated by the Venturer involved. Such delivery shall be F.O.B. (IncoTerms 1990) at FabVen's facility.

6.3 In the event that any payment under this Foundry Capacity Agreement becomes restricted for any reason, the party whose payment obligation is restricted agrees, at its own expense, to immediately take whatever steps or actions may be necessary to assure such payment.

## 7. REPRESENTATIONS AND WARRANTIES

The Venturers and FabVen each represent and warrant that they have the right and power to enter into this Foundry Capacity Agreement, and adequate resources to fulfill their respective obligations hereunder.

## 8. TERM AND TERMINATION

8.1 This Foundry Capacity Agreement shall remain in effect until July 1, 2005, unless sooner terminated as provided herein. This Foundry Capacity Agreement may be terminated only as described below and/or in Paragraphs 6.1 and 6.2 of the Foundry Venture Agreement, the terms of which Paragraphs are incorporated by reference.

8.2 Without limiting the foregoing:

(a) If any party fails to perform or violates any material obligation under Paragraph 6.1 of this Foundry Capacity Agreement or Paragraph 4.1(c) of the Foundry Venture Agreement, upon thirty (30) days' written notice to the breaching party specifying such default (the "Default Notice"), any non-breaching party affected by such failure and/or violation may terminate this Foundry Capacity Agreement as to its responsibilities and obligations as between FabVen and that particular non-breaching party, without liability (subject to paragraphs 8.3 and 8.4 below), unless:

(i) The breach specified in the Default Notice has been cured within the thirty (30) day period, or if the breach is disputed, the amount in dispute is placed in a reasonably secure third party escrow account pending resolution of the dispute; or

(ii) The default reasonably requires more than (30) days to correct (specifically excluding any failure to pay money), and the defaulting party has begun substantial corrective action to

remedy the default within such thirty (30) day period and diligently pursues such action, in which event, termination shall not be effective unless sixty (60) days has expired from the date of the defaulting party's receipt of the Default Notice without such corrective action being completed and the default remedied.

(b) In the event of a breach of a material provision of this Foundry Capacity Agreement, each of the non-breaching parties shall promptly provide in writing a detailed description of the breach to the extent it affects such party as well as any available information reasonably useful and/or necessary to enable a cure (the "Notice of Breach"). The breaching party shall meet with each such non-breaching party within seven (7) working days following receipt of this Notice of Breach, and shall submit a plan to cure the breach within twenty (20) days of receipt of such notice. The non-breaching party will accept or reject the plan in writing (giving written reasons in the event of rejection) within five days of receipt, provided however that no rejection of such a plan will be determinative as to whether a cure has been effectuated.

8.3 If a Venturer terminates this Foundry Capacity Agreement for any reasons stated in Paragraphs 8.1 and/or 8.2, FabVen will: (i) if so requested in writing by the Venturer involved cease all Production required by such Venturer's purchase orders under this Foundry Capacity Agreement; and (ii) if so requested by the Venturer involved otherwise complete and deliver all Products pursuant to such Venturer's purchase orders and invoice such Venturer for the Products.

8.4 If FabVen terminates this Agreement as to any Venturer pursuant to Section 8.1 and/or 8.2, FabVen shall be entitled to payment in full upon delivery of all completed Products manufactured to outstanding purchase orders issued by such Venturer under this Foundry Capacity Agreement, as well as to reimbursement for all reasonable direct costs incurred for up to one month's work then in progress for such Venturer.

8.5 FabVen and each Venturer will cooperate in connection with any issue raised by any one or more of them with respect to intellectual property rights of third parties. Without limiting the foregoing, upon written notice to the others, any Party hereto may suspend (i) performance of its obligations, (ii) exercise of its rights of first refusal with respect to capacity and/or (iii) providing capacity to the extent that such Party has reasonable concerns that its future performance in connection with such matters will subject it to claims by others with respect to such matters, provided however that no such suspension will affect any obligation to pay for Product delivered and/or manufactured prior to the date of written notice concerning such matters. In the event that FabVen exercises any of its rights pursuant to this Paragraph 8.5, FabVen will negotiate in good faith to minimize the liability of the Venturer involved to others.

## 9. PROPRIETARY RIGHTS

All discoveries, improvements and inventions, conceived or first reduced to practice, as those terms are used before the U.S. Patent Office, in the performance of this Foundry Capacity Agreement solely by one party and without reliance upon Confidential Information or Proprietary Information of any other party shall be the sole and exclusive property of such party and such party shall retain any and all rights to file at its sole discretion any patent applications thereon.

10. MISCELLANEOUS

10.1 All terms and conditions of Paragraphs 7 to 9 inclusive of the Foundry Venture Agreement are incorporated by reference.

10.2 This Foundry Capacity Agreement shall become effective only upon execution by all parties and approval, to the extent necessary, by the Government of Taiwan. Each party agrees to make its best faith efforts to cooperate and to obtain such approval as soon as possible.

10.3 Nothing in this Foundry Capacity Agreement shall prohibit any Venturer from purchasing Products and/or foundry services from other suppliers nor, subject to Paragraph 2, prohibit FabVen from offering wafers and/or foundry services to others.

10.4 The provisions of Paragraph 3.4 and Paragraphs 5, 6, 7, 8, 9 and 10 shall survive the expiration and/or termination of this Foundry Capacity Agreement.

ACCORDINGLY, each Party to this Foundry Capacity Agreement represents and warrants that the representatives signing on their respective behalf is authorized to enter into this Foundry Capacity Agreement and to bind that Party to its terms.

LATTICE SEMICONDUCTOR CORP.  
/s/ Steven Laub  
-----

UNITED MICROELECTRONICS CORPORATION  
/s/ John Hsuan  
-----

FABVEN  
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\* OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE  
SECURITIES AND EXCHANGE COMMISSION

FOUNDRY VENTURE AGREEMENT

This Foundry Venture Agreement ("Foundry Venture Agreement") is entered into as of August \_\_, 1995, by and between Lattice Semiconductor Corp., a corporation with its headquarters in Oregon ("Lattice") and United Microelectronics Corporation, a corporation organized under the laws of the Republic of China ("UMC").

Lattice understands that UMC is in discussions with others who are interested in participating in FabVen. Lattice agrees that UMC may commit to such others (collectively referred to in this Foundry Venture Agreement as "OtherVen") in such amounts as UMC deems appropriate, subject to the commitments made to Lattice hereunder, and provided further that each OtherVen must commit in writing to comply with and be bound by this Foundry Venture Agreement as if specifically named as a Venturer herein. Notwithstanding such OtherVen, Lattice will be fully bound by and is committed to the terms of this Foundry Venture Agreement.

Lattice, OtherVen and UMC (collectively "the Venturers") agree:

1. PURPOSE AND FORMATION OF VENTURE

1.1 Subject to the Technology Transfer and License Agreement and the Foundry Capacity Agreement referred to in paragraphs 3 and 5 below (collectively, the "Venture Agreements"), the Venturers each commit to form and invest in a corporation to be formed under the laws of the Republic of China ("R.O.C.") for purposes of engaging in the business of providing integrated circuit foundry services, making and selling integrated circuits in wafer, die and packaged form as generally described in the FabVen Business Plan referred to in paragraph 1.4 below.

1.2 UMC will arrange the formalities of submission to the Administration of the Science Based Industrial Park for approval of and then for incorporation of the corporation contemplated under this Foundry Venture Agreement, using a name mutually agreeable to the Venturers (for purposes of this Foundry Venture Agreement, the corporation contemplated under this Foundry Venture Agreement shall be referred to as "FabVen."). All reasonable expenses, up to a maximum of USD \$10,000 (exclusive of fees to be paid to the government), incurred by UMC pursuant to this paragraph 1.2 with respect to such incorporation shall be subject to reimbursement by FabVen if the FabVen shares contemplated under Paragraph 4 are not issued to UMC as described below.

1.3 Subject to the terms of the Venture Agreements, FabVen shall engage in the business of foundry services, and develop and improve processing and manufacturing techniques in order to improve its competitiveness in the foundry area.

1.4 UMC will submit to the Science Based Industrial Park a written business plan (the "FabVen Business Plan") for the operations and for the capital structure and expenditures of

FabVen; this FabVen Business Plan is subject to approval by the Administration of the Science Based Industrial Park; and, subject to the conditions of confidentiality in Paragraph 9.7 below, will be made available to the Venturers.

As part of the FabVen Business Plan, the Venturers contemplate FabVen will apply for "tax holiday" and/or other favorable tax treatment under R.O.C. law.

## 2. INITIAL OPERATIONS

2.1 The Venturers generally contemplate the Building and Construction Schedule for FabVen as shown in Attachment A and the Production and Business Schedule for FabVen as shown in Attachment B.

2.2 Under mutually agreeable written terms to be negotiated between UMC and FabVen, FabVen shall lease from UMC the land generally described in Attachment C, and commonly known as UMC's Module D, located at No. 3 Li-Hsin Road Science Based Industrial Park, Hsin Chu City, Taiwan, R.O.C.

(a) The Venturers contemplate that except as agreed by them in writing, the terms of this lease will be at the market rate which would be negotiated between a lessor and lessee dealing with one another at arms length in the context of an independent lease and not based on some other business relationship.

(b) Without limiting the foregoing, any and all services and supplies (including without limitation power, water, gas and/or materials) will not be part of such lease, and will be the subject of such terms as may be negotiated by FabVen.

(c) The lease term for Module D will be for an initial period of five years, and FabVen will have the right to extend the lease for up to two additional five year periods under terms to be stated in the lease agreement. FabVen will occupy the land for this Module as its principal place of business, and will utilize this land for its production facility.

2.3 The Venturers shall each cooperate to build out this land as FabVen's production facility as quickly and efficiently as commercially reasonable, provided however that this Paragraph 2.3 shall not impose any obligation to provide additional funding beyond that expressly required under this Foundry Venture Agreement.

## 3. TECHNOLOGY TRANSFER AND MANAGERIAL SUPPORT

Promptly after FabVen's formation, UMC and FabVen will enter into a mutually agreeable Technology Transfer and License Agreement pursuant to which UMC will transfer to FabVen for use in FabVen facilities the Licensed Process (as defined in the Technology Transfer and License Agreement) and related manufacturing know-how. The execution of the Technology Transfer and License Agreement is an essential aspect of the relationship contemplated under this Foundry Venture Agreement.

4. INVESTMENT COMMITMENTS & STOCK PURCHASE AND SHAREHOLDER AGREEMENTS &  
REPRESENTATION ON BOARD OF DIRECTORS

4.1 The Venturers will purchase shares in FabVen as follows:

(a) The total capital of FabVen shall be USD \$1 Billion: USD \$600 million will be by investment in standard shares, and, as may be approved by the FabVen board of directors, USD \$400 million (plus any other additional capital required) will be by way of participation in UMC credit facilities and/or bank loans, and/or will be by way of other debt and/or equity to the extent such other debt and equity is approved in writing by each of the Venturers. Notwithstanding anything to the contrary, (i) UMC shall not be required to provide participation on behalf of FabVen in UMC's credit facilities in any amount in excess of USD \$400 million, and (ii) provided further that, to the extent demanded by the lender and subject to the requirements of the law, UMC shall guarantee such bank loans made directly to FabVen but only so long as and to the extent that the total FabVen capital financed by way of participation in credit facilities, bank loans, debt and/or such other equity (excluding the investment stated in the table of paragraph 4.1(b) below) is less than and/or equal to USD \$410 million.

(b) The Venturers will invest according to the following table:

	Standard share %	\$ investment represented by standard share (USD millions)	Technical share %
Lattice	10%	\$60M	0%
OtherVen	TBD%	\$TBD	0%
UMC, UMC Affiliates*, FabVen employees, UMC employees** & R.O.C. financial institutions	40%	\$240M	15%
Total shareholding	85%	\$510M	15%

\*For purposes of this Foundry Venture Agreement, "UMC Affiliates" shall mean those entities: (i) nominated by UMC and approved by the Venturers in writing, (ii) which UMC directly and/or indirectly controls, and/or (iii) in which UMC directly or indirectly owns a majority interest.

\*\*UMC employees who intend to become (and who later become) regular employees of FabVen will be among the FabVen shareholders pursuant to this table. The UMC employees and the eligible FabVen employees shall be required to pay the value shown in this table for their standard shares.

(c) The Venturers shall pay in cash for their standard shares as follows:

- (i) twenty-five percent (25%) to be paid in full on the later of \*, or when \*;

- (ii) fifty percent (50%) to be paid in full on or before the \*; and
- (iii) the remainder, twenty-five percent (25%), to be paid in full on or before the \*.

(d) Subject to the requirements of law and pursuant to the applicable statutory and regulatory rules, the standard shares of the Venturers, of the UMC Affiliates, of the UMC employees, and of the FabVen employees as shown in paragraph 4.1(b) above shall vest upon payment for the shares involved; UMC's technical shares shall vest upon completion of first silicon for any process licensed from UMC having feature sizes of \* or less; the shares of UMC Affiliates (to the extent fully paid) shall be issued as UMC requests; and the shares of UMC and UMC Affiliates shall be transferrable amongst UMC and UMC Affiliates without the necessity of FabVen's, Lattice's, and/or OtherVen's prior written consent.

(e) The Venturers' shares shall be common stock, and, to the fullest extent allowable under the law, will be registered in any public offering by FabVen, provided that with respect to such shares, each Venturer (and all UMC Affiliates holding such shares) must follow and comply with all requirements of R.O.C. law and of the Taiwan Securities and Exchange Commission and of the Taiwan Securities Exchange, including, without limitation, with respect to stand-still, lock-up, and/or other requirements.

(f) Until FabVen completes a successful offering of its shares on a recognized securities exchange, the shares of the Venturers (and of UMC Affiliates holding such shares) in FabVen will not be transferable in any manner whatsoever except with the written consent of the Venturers, provided however that any Venturer may transfer its entire right, title and interest in FabVen (including its proportionate right of first refusal for foundry capacity, the "Foundry Rights") and other rights under the Foundry Venture Agreement and/or Venture Agreements:

(i) once but only to the extent and only as part of a transfer of all or substantially all of the assets, business and/or ownership of that Venturer to a transferee subject, with respect to the Foundry Rights, to the terms of paragraph 4.1(f)(iii) below; and/or

(ii) once to or between itself and any of its subsidiaries in which, at the time of such transfer, the transferring Venturer owns at least 50%.

Notwithstanding anything to the contrary:

(iii) the Foundry Rights when and if transferred pursuant to Paragraph 4.1(f)(i) above shall only be exercisable with respect to the manufacture of products which the transferring Venturer at the time of such transfer was selling, was designing (as reflected in contemporaneous documents) or was contemplating designing and selling (as demonstrated in its then written business plan(s)), and all future revisions and more highly integrated versions of such products.

(iv) if prior to the completion of a public offering of FabVen securities on a recognized securities exchange, any Venturer (or UMC Affiliate holding such shares) wishes and/or attempts to transfer its shares in FabVen (other than as allowed by Paragraph 4.1(f)(i) and/or 4.1(f)(ii)) pursuant to any Court or other order or law, or as a result of any nonconsensual action by any authority with jurisdiction, the shares involved will be subject to a right of first refusal as follows:

(aa) the other Venturers (the "eligible other Venturers") will have the right to purchase the shares involved at their then fair market value as determined by a mutually agreeable independent appraiser;

(bb) each such eligible other Venturer will have the right to purchase such shares on a pro rata basis as determined by the ratio of their respective shareholding percentages (which, absent any previously permitted transfers, would be as shown in the table in Paragraph 4.1(b) above);

(cc) if any such eligible other Venturer elects not to exercise any portion or all of such right of first refusal within 30 days of the independent appraisal, such portion of such right of first refusal will be subject to exercise by the other eligible other Venturer, and the shares involved will be subject to a right of such other eligible other Venturer to purchase on the same terms as outlined above; and

(dd) if the other eligible other Venturer does not commit to purchase such shares within 60 days of the independent appraisal, all rights under this Paragraph 4.1(f)(iv) will expire as to such unpurchased shares.

(g) Subject to the requirements of and to the extent permissible under R.O.C. law, to the extent that FabVen wishes to offer any equity beyond the USD \$600 million referred to in Paragraph 4.1(a) above, each Venturer shall have the right of first refusal to participate in such offering in proportion to its then current respective shareholding.

4.2 The parties shall in good faith after execution of this Foundry Venture Agreement enter into negotiations regarding audit and information rights to be provided to the Venturers, in order to, among other things, make timely public disclosure of information about FabVen's profits, losses, and/or other financial information reasonably required, in the view of such Venturer's counsel and accountants, to be disclosed separately, in conjunction with, or consolidated into, such Venturer's public quarterly, annual and/or other reports. Such rights shall at a minimum be sufficient for such Venturers to timely comply with their public reporting obligations, but shall not require FabVen to pay for and/or incur the expenses of such matters. In the event the parties do not reach agreement on such rights by December 15, 1995, the extent of such rights will be decided conclusively by Price Waterhouse & Co. (Taipei office) and a nationally recognized independent accounting firm nominated by Lattice and OtherVen. If the aforesaid accounting firms fail to decide such rights by January 30, 1996, the matter shall be resolved by binding arbitration on an expedited basis.

5. FOUNDRY CAPACITY & COMMITMENTS

Each Venturer's obligations under Paragraphs 1 to 5 of this Foundry Venture Agreement shall be conditioned upon entry by the Venturer into a Foundry Capacity Agreement with FabVen (the "Foundry Capacity Agreement") and none of the obligations of the Venturer or of FabVen under those sections shall be binding until such time as it enters such a Foundry Capacity Agreement. The terms of the Articles of Incorporation and Bylaws of FabVen shall be consistent with the terms of this Foundry Venture Agreement, and the Venture Agreements.

6. TERMINATION OF RIGHTS & PRIVILEGES

6.1 Subject to Paragraph 6.2 below, any one or more of the Venturers and/or FabVen (collectively "the Parties") shall have the right to terminate the rights of any other Party under this Foundry Venture Agreement and/or the Venture Agreements by giving written notice of termination to that other Party at any time upon or after:

(a) the filing by the other Party of a petition in bankruptcy or insolvency;

(b) any adjudication that the other Party is bankrupt or insolvent;

(c) the filing by the other Party of any petition or answer seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency;

(d) the appointment of a receiver for all or substantially all of the property of the other Party;

(e) the making by the other Party of any assignment for the benefit of creditors; or,

(f) the institution of any proceeding for the liquidation or winding up of the other Party's business or for the termination of its corporate charter.

Notwithstanding anything to the contrary, no termination under this Paragraph 6.1 as to such other Party shall affect the rights of any other Venturer under this Foundry Venture Agreement and/or the Venture Agreements.

6.2 (a) Termination pursuant to Paragraph 6.1 above shall be effective immediately upon delivery of the written notice, or in the case of airmail notice, four days after dispatch, pursuant to Paragraph 8 below.

(b) Upon termination as to a Venturer under Paragraph 6.1 above, any shares held by that Venturer shall be subject to purchase by the remaining Venturers pursuant to Paragraph 4.1(f)(iv) above.

(c) Except as permitted in paragraph 4.1(f), no Venturer may transfer its interest or right in FabVen in any manner to any competitor of UMC or to any entity in the business of fabricating integrated circuits except under terms (i) in which such Venturer first relinquishes and releases all rights to FabVen capacity under this and any and all other agreements, and (ii) in which such entity and/or competitor expressly consents in writing that they have no such interest or right to such capacity.

6.3 FabVen will undertake its reasonable best efforts to implement the Technology Road Map attached as Attachment B, and to achieve the goals described in the FabVen Business Plan. In addition, and subject to the terms of this Foundry Venture Agreement and the Venture Agreements, FabVen will cooperate with each Venturer in a commercially reasonable manner to qualify products of such Venturer under the processes involved.

## 7. DISPUTE RESOLUTION

7.1 The Venturers and FabVen shall cooperate and attempt in good faith to resolve any and all disputes arising out of and/or relating to this Foundry Venture Agreement and/or any of the Venture Agreements. Without limiting the foregoing, within thirty days of a written demand to meet to resolve such a dispute, senior management with the authority to negotiate and resolve the issues shall meet in the State of Hawaii or in some other mutually agreeable location to discuss the issues, from time to time during the forty-five day period following such demand (or longer if agreeable to the Venturers involved) as reasonably requested by any party involved, and such senior management will attempt to resolve the dispute.

7.2 Any such disputes relating to and/or arising out of this Foundry Venture Agreement and/or any of the Venture Agreements which cannot be so resolved will be decided exclusively by binding arbitration under procedures which ensure efficient and speedy resolution. Such an arbitration may be commenced by FabVen and/or any Venturer involved in the dispute (i) after the expiration of the forty-five day period following the written demand to meet to resolve the dispute pursuant to Paragraph 7.1 above, and/or (ii) at such earlier time as any Party involved repudiates and/or refuses to continue with its obligations to negotiate in good faith.

7.3 The arbitration hearing will be before a panel of three neutral, independent arbitrators. The arbitration hearing will be conducted in the State of Hawaii, and will be in the English language (with translations and interpretations as reasonable for the presentation of evidence and/or conduct of the arbitration). Notwithstanding anything to the contrary, any party may apply to any court of competent jurisdiction for interim injunctive relief as may be allowed under applicable law with respect to irreparable harm which cannot be avoided and/or compensated by such arbitration proceedings, without breach of this Paragraph 7 and without any abridgment of the powers of the arbitrators.

7.4 The arbitration will be conducted under the Rules of the Asia Pacific Arbitration Center. Notwithstanding anything to the contrary:

(a) the arbitrators will have no power to order discovery; and

(b) the arbitrators shall require pre-hearing exchange of documentary evidence to be relied upon by each of the respective parties in their respective cases in chief, and pre-hearing exchange of briefs, witness lists and summaries of expected testimony.

7.5 The arbitrators will make their decision in writing; and their decision will be binding upon the Venturers and FabVen and it may be entered by any court having jurisdiction.

## 8. NOTICES

All notices required or permitted to be given under this Foundry Venture Agreement and/or any of the Venture Agreements shall be in writing and be deemed as given when delivered, or in the case of airmail, four days after dispatch, and shall be addressed as follows and dispatched by personal delivery, by airmail letter in any post office in the U.S. or in Taiwan, or by facsimile:

If to Lattice:

Lattice Semiconductor Corp.  
5555 N.E. Moore Court  
Hillsboro Oregon 97124  
Attention: President  
fax (503) 681-3077; fon (503) 681-0118

If to UMC:

United Microelectronics Corporation  
No. 13 Innovation Road I  
Science Based Industrial Park  
Hsin Chu City, Taiwan, R.O.C.  
Attention: John Hsuan, President  
fax (035) 774-767; fon (035) 782-258

If to FabVen:

FabVen  
No. 3 Li-Hsin Road  
Science Based Industrial Park  
Hsin Chu City, Taiwan, R.O.C.  
Attention: President  
fax (035) ; fon (035)

Any Venturer and/or FabVen may at any time give written notice of a change of its address to the others.

9. MISCELLANEOUS

9.1 No Party shall be liable to the others with respect to the failure or delay in the performance of any obligation under this Foundry Venture Agreement and/or any of the Venture Agreements for the time of and to the extent that such failure is caused by or the result of war, fire, flood, earthquake, acts of god or any causes beyond the reasonable control of the Venturers and/or FabVen.

9.2 No Party shall be liable to the others (i) for any special, incidental, indirect or consequential damages; (ii) for increased costs of obtaining substitute goods or services to the extent such increased costs are in excess of those amounts which such Party would have been entitled to receive for the goods and services involved had it properly performed; (iii) for loss of use, opportunity, market potential, and/or profit, on any theory (whether contract, tort, from third party claims or otherwise).

9.3 Except as expressly stated above and in Paragraphs 9.5 and/or 9.13 below and/or in the Venture Agreements, no Party makes any warranties or representations (express, implied or statutory), and there are no other warranties, representations, or indemnities, and THE PARTIES EXPRESSLY DISCLAIM ALL SUCH OTHER WARRANTIES, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE. Without limiting the foregoing, except as expressly stated in this Foundry Venture Agreement and/or in any of the Venture Agreements (these "Agreements"), there are no other representations and/or warranties concerning the subject matter of such Agreements, and/or relating to FabVen of any sort or manner, and each Party expressly agrees that it is not relying upon any such other representations and/or warranties. Each Party has consulted with counsel concerning such Agreements and FabVen, and enters into these Agreements with full advice and understanding and accepting the risks involved.

9.4 Notwithstanding anything to the contrary (whether in the Venture Agreements or elsewhere), nothing contained in this Foundry Venture Agreement, in the Venture Agreements, and/or in the FabVen Business Plan shall be or be construed as:

(a) a warranty or representation as to the validity, utility, suitability or economic viability of this opportunity or of any intellectual property or technology except as expressly stated in paragraph 9.5 below, in Paragraph 9 of the Technology Transfer and License Agreement, and/or in Paragraphs 5 and/or 7 of the Foundry Capacity Agreement;

(b) a warranty or representation that any manufacture, sales, use or other disposition of products to be manufactured by FabVen will be free from infringement of patents, utility models and/or design patents other than those under which licenses have been granted hereunder and/or except as expressly stated in paragraph 9.5 below, and/or in Paragraph 7 of the Foundry Capacity Agreement;

(c) a warranty or representation that FabVen will be successful, that FabVen will realize and/or fulfill any of its Business Plans, that FabVen will go public or return profit to the

Parties, or that the Parties will recover their investments (for purposes of this Paragraph 9.4(c), any covenant or obligation in these Agreements shall not be eliminated and/or excluded by reason of it also being part of the FabVen Business Plan, nor shall this Paragraph 9.4(c) absolve FabVen from efforts required under these Agreements to implement the FabVen Business Plan);

(d) conferring any right to the other Parties to use in advertising, publicity, or otherwise, any trademark, trade name or names of any Party, or any contraction, abbreviation or simulation thereof; and/or

(e) conferring by implication, estoppel or otherwise, upon any Party any license or other right under any class or type of patent, utility model or design patent except the licenses and rights expressly granted under the Venture Agreements.

9.5 (a) Each Venturer represents and warrants to the other Venturers and to FabVen that all technology, processes, masks and other information transferred by that Venturer pursuant to the terms of this Foundry Venture Agreement and/or the Venture Agreements, and/or its respective foundry relationship with FabVen shall be free from any claims of infringement or violation of valid and enforceable trade secret, trademark, copyright, and/or mask work rights of others; and that Venturer shall defend, indemnify and hold the other Venturers and FabVen harmless from and against any claims to the contrary, provided however that such indemnifying Venturer shall receive (i) prompt written notification of any claim for which it is providing indemnification under this Paragraph 9.5, (ii) the right to assume, in a prompt fashion, sole control of the defense or settlement of such claim (provided that the indemnifying Venturer cannot commit any other Venturer and/or FabVen to the payment of sums), and (iii) reasonable assistance from the indemnified party or parties, at the indemnifying Venturer's request and expense and provided further that if the indemnifying Venturer assumes sole control of the defense of such claim, the indemnified party may, at its expense, participate in such defense.

(b) FabVen represents and warrants to the Venturers that all technology, processes, masks and other information transferred by it (in products or otherwise) or used by it in any process employed in the fabrication of products pursuant to the terms of this Foundry Venture Agreement and/or the Venture Agreements, and/or under its respective foundry relationships with the Venturers shall be free from any claims of infringement or violation of valid and enforceable trade secret, trademark, copyright, and/or mask work rights of others; and FabVen shall defend, indemnify and hold the Venturers harmless from and against any claims to the contrary, provided however that FabVen shall receive (i) prompt written notification of any claim for which it is providing indemnification under this Paragraph 9.5, (ii) the right to assume, in a prompt fashion, sole control of the defense or settlement of such claim (provided that FabVen cannot commit any Venturer to the payment of sums), and (iii) reasonable assistance from the indemnified party or parties, at FabVen's request and expense, and provided further that if FabVen assumes sole control of the defense of such claim, the indemnified party may, at its expense, participate in such defense.

9.6 The obligations of the Parties under Paragraphs 1 to 5 above shall be subject to and conditioned upon funding of FabVen by the Venturers and upon approval of the formation of

FabVen and of its operation at Module D by all required governmental authorities, including without limitation, the Science Based Industrial Park Administration, but the obligations under the other Paragraphs of this Agreement shall not be so conditioned. UMC shall cooperate with FabVen in securing such approvals within the time contemplated under the schedule of Attachment A. The obligations and responsibilities of the Venturers and FabVen under Paragraphs 6 to 9 shall survive the expiration and/or termination of this Foundry Venture Agreement.

9.7 (a) For purposes of these Agreements, "Confidential Information" shall mean:

(i) any information disclosed by one party to another pursuant to or in connection with these Agreements which is in written, graphic, machine readable or other tangible form and is marked confidential, proprietary, or in some other manner to indicate its confidential nature; and

(ii) any information orally disclosed by one party to another pursuant to or in connection with these Agreements provided that such information is designated as confidential at the time of disclosure and reduced to a writing delivered to the receiving party within thirty days of the oral disclosure and detailing the confidential information involved.

(b) Each party shall treat as confidential all Confidential Information provided by any other party, shall not use or disclose such Confidential Information except as contemplated in these Agreements and then only subject to written confidentiality agreements at least as protective as those stated in this Foundry Venture Agreement. Without limiting the above, each party shall use at least the same procedures and degree of care which it uses to prevent the disclosure of its confidential information of like importance and shall in no event use less than reasonable procedures and a reasonable degree of care. Notwithstanding the above, no party shall have obligations with respect to Confidential Information of any other party which:

(i) Such party shows was generally known and available to the public at the time it was disclosed, or becomes generally known and available to the public through no fault of the receiver prior to the use and or disclosure of such information by the receiver;

(ii) Such party shows was known to the receiver without obligation of confidentiality at the time of disclosure as shown by written evidence in existence at the time of disclosure;

(iii) Is disclosed with the prior written consent of the discloser;

(iv) Such party shows becomes known to the receiver without obligations of confidentiality; or

(v) Is disclosed pursuant to the order or requirement of any court, agency, or other governmental body having jurisdiction;

provided, however, that, prior to any such disclosure pursuant to paragraphs 9.7(b)(v) above, the Party seeking disclosure shall notify the others and take all reasonable actions in an effort to minimize the nature and extent of such disclosure.

(c) Each party agrees that the terms of these Agreements and the FabVen Business Plan shall be treated as Confidential Information and not disclosed, provided however that any and all parties may disclose the terms and conditions of these Agreements and the FabVen Business Plan in confidence to its legal counsel, accountants, banks, and financing sources and their advisers, or pursuant to written confidentiality agreements having terms at least as restrictive as those this Paragraph 9.7 in connection with an actual or proposed merger or acquisition, and/or in connection with the enforcement of its rights under this Foundry Venture Agreement

(d) Notwithstanding anything to the contrary, and subject to the exceptions of Paragraph 9.7(b):

(i) any Confidential Information disclosed to UMC by a Venturer which is marked "UMC only" (or similarly) may be used and disclosed by UMC solely in connection with preparing and submitting the FabVen Business Plan and applications for governmental approvals relating to FabVen but may not otherwise be disclosed by UMC to FabVen or to any other Venturer;

(ii) any Confidential Information disclosed to UMC and/or to FabVen which is marked as "FabVen Internal Only" may be disclosed by UMC to FabVen, but may not be disclosed by FabVen to any other Venturer; and

(iii) any Confidential Information disclosed to a Venturer which is not marked "UMC Only" and/or "FabVen Internal Only" (or similarly) may be disclosed to FabVen and/or to any Venturer.

(e) Without limiting the foregoing, in order to facilitate exchanges of Confidential Information amongst themselves, the Venturers contemplate they may negotiate and execute one or more mutually satisfactory non-disclosure agreements.

(f) The obligations of this Paragraph 9.7 shall survive the expiration or termination of this Foundry Venture Agreement and the Venture Agreements for a period of three (3) years after the last of them to expire and/or terminate. In the event of any breach of this covenant, the Venturers and FabVen shall promptly discuss and cooperate in good faith with respect to measures to mitigate any harmful effect of such breach and with respect to possible compensation to the injured party.

9.8 This Foundry Venture Agreement and the Venture Agreements are written only in the English language, which language shall be controlling in all respects, and all versions in any other language shall be for accommodation only and shall not be binding upon the Venturers. All communications to be made or given pursuant to such Agreements shall be in the English language, except as may be required under applicable law.

9.9 This Foundry Venture Agreement and the Foundry Capacity Agreement and matters connected with performance under any one or more of them shall be interpreted and construed in all respects in accordance with the laws of the State of California, provided however that all matters connected with the purchase and formalities of stock and ownership interests in FabVen and the Technology Transfer and License Agreement shall be interpreted and construed in all respects in accordance with the laws of Taiwan, the Republic of China, all without regard to that body of law which pertains to conflicts and/or choice of law and excluding the UN Convention on Contracts for International Sales of Goods.

9.10 If any provision of this Foundry Venture Agreement and/or the Venture Agreements is held wholly or partially unenforceable for any reason, such unenforceability shall not affect the enforceability of the remaining provisions of such Agreements, and all provisions of such Agreements shall be construed so as to preserve enforceability.

9.11 (a) The terms and conditions contained in the FabVen Business Plan, this Foundry Venture Agreement and/or the Venture Agreements and the documents attached thereto (the "Plan and Agreements") shall supersede all previous communications, understandings, representations and/or agreements, oral and/or written, between the Venturers with respect to the subject matter hereof;

(b) There are no other such agreements, understandings and/or writings except as stated above;

(c) No agreement or understanding varying, modifying or extending the terms and/or conditions of such Plan and Agreements, nor any custom, practice, course of dealing or conduct of the parties, shall be binding upon any Venturer unless in writing and signed by a duly authorized officer or representative of each Party to be bound; provided however that a Venturer and FabVen may agree to ordering procedures which are established by them pursuant to mutual agreement; and

(d) Except as expressly allowed under this Foundry Venture Agreement, no party may transfer or assign its rights or delegate its duties under this Agreement, except with the written consent of all the Parties to the agreement involved.

9.12 No licenses, other than the licenses expressly granted under these Agreements, are granted under these Agreements, by implication, estoppel or otherwise. Nothing in these Agreements shall be construed as conferring any license, right to use or other right with respect to any trademark or trade name of any party. Each party may make reasonable reference by name to any other party provided that the written consent of that other has been obtained in advance.

9.13 (a) The failure of any party to enforce, or the delay by any party in enforcing any of its rights under these Agreements shall not be deemed a waiver or a containing waiver of such rights or a modification of these Agreements, and such party may, within the time provided by applicable law, commence appropriate proceedings to enforce any and/or all such rights.

(b) The section headings in these Agreements are for convenience only and do not define or limit nor will they be used to construe the content of such sections.

(c) Each party expressly represents and warrants that it is free to enter into these Agreements and that such party has not made and will not make any creations or commitments in conflict with the provisions of these Agreements, or which reasonably might interfere with the full and complete performance of such party's obligations under these Agreements. Each party further represents and warrants that these Agreements, and the performance of its respective obligations under these Agreements, and the consummation of the transactions contemplated under these Agreements have been duly authorized and approved by all necessary action, and all necessary consents or permits have been obtained, and neither the execution of these Agreements nor the performance of the party's respective obligations under these agreements will violate any term or provision of any valid contract or agreement to which such party is subject and/or by which such party is bound. No further actions or consents are necessary to make these Agreements valid binding contracts, enforceable against the respective parties in accordance with their terms.

9.14 Nothing in this Foundry Venture Agreement and/or in the Venture Agreements shall be deemed to create a general or limited partnership or an agency relationship between the Venturers and/or FabVen, and the Venturers and FabVen are independent companies. The Venturers intend to become shareholders of FabVen and thereafter purchase products manufactured from FabVen in an arm's length vendor-purchaser relationship, and, in the case of FabVen and UMC, in an arm's length vendor-purchaser, lessor-lessee, and licensor-licensee relationship. No party shall be entitled to act on behalf of and/or to bind any one or more of the others.

9.15 The Venturers will cause FabVen to execute promptly after its formation the Foundry Capacity Agreement, Technology Transfer and License Agreement, and this Foundry Venture Agreement, to confirm FabVen's agreement to abide by the terms in such agreements which are binding upon FabVen.

IN WITNESS WHEREOF, the Venturers have caused this Foundry Venture Agreement to be signed below by their respective duly authorized officers.

LATTICE SEMICONDUCTOR CORP.  
/s/ Steven Laub

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UNITED MICROELECTRONICS CORPORATION  
/s/ John Hsuan

-----

John Hsuan, President

\* OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE  
SECURITIES AND EXCHANGE COMMISSION

TECHNOLOGY ROAD MAP  
(PRODUCTION SCHEDULE)

[TABLE]\*

\* OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE  
SECURITIES AND EXCHANGE COMMISSION

JV FAB BUILDING-UP SCHEDULE

[TABLE]\*

\* OMITTED PURSUANT TO A CONFIDENTIAL TREATMENT REQUEST FILED WITH THE  
SECURITIES AND EXCHANGE COMMISSION

PRODUCTION RAMP-UP SCHEDULE

[GRAPH]\*