

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

October 20, 2003
Date of Report (Date of earliest event reported)

LATTICE SEMICONDUCTOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of Employer incorporation)

000-18032
(Commission File Number)

93-0835214
(I.R.S.
Identification No.)

5555 NE Moore Court
Hillsboro, OR 97124-6421
(Address of principal executive offices)

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

Item 7. Exhibits.

(c) Exhibits:

The following exhibit is filed with this report on Form 8-K:

Exhibit No.	Description
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99.1	Press Release of Lattice Semiconductor Corporation, dated October 20, 2003.
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Item 9. Regulation FD Disclosure and Disclosure of Results of Operations and Financial Condition (Item 12)*

The following information and exhibit relating thereto are furnished pursuant to Items 9 and 12 of this Current Report on Form 8-K: On October 20, 2003, Lattice Semiconductor Corporation (the "Company") issued a press release announcing the Company's earnings for the fiscal quarter ended September 30, 2003. A copy of the press release is attached hereto as Exhibit 99.1.

* The information furnished under Item 9 and Item 12 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

EXHIBIT INDEX

Exhibit No. Description
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99.1 Press Release of Lattice Semiconductor Corporation, dated
 October 20, 2003.

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

Date: October 20, 2003

By: /s/ STEPHEN A. SKAGGS

Name: STEPHEN A. SKAGGS
Title: Chief Financial Officer

Lattice Semiconductor Reports Third Quarter Results

HILLSBORO, Ore.--(BUSINESS WIRE)--Oct. 20, 2003--Lattice Semiconductor Corporation (Nasdaq:LSCC) today announced financial results for the third quarter of 2003.

Revenue for the quarter was \$51.0 million, down 12 percent from the \$58.2 million reported last quarter and a decrease of nine percent from the \$56.1 million reported in the same quarter a year ago.

Quarterly revenue from FPGA products was \$9.2 million, an increase of three percent from last quarter, while quarterly revenue from high density CPLD products was \$34.8 million, down 14 percent from last quarter.

New product revenue grew 41 percent sequentially and now accounts for 12 percent of total quarterly revenue. Mainstream product revenue declined four percent sequentially and now accounts for 44 percent of quarterly revenue, while Mature product revenue declined 27 percent sequentially and now accounts for 44 percent of quarterly revenue.

On a GAAP basis, net loss for the quarter was \$21.9 million (\$0.20 per share). This loss includes an \$18.7 million charge for amortization of intangible assets.

Non-GAAP loss for the quarter was \$3.2 million (\$0.03 per share). This loss includes a \$5.7 million non-recurring charge associated with the early call of our previously outstanding 4 3/4 percent convertible notes. Non-GAAP earnings exclude non-cash acquisition related amortization expenses and more closely approximates our cash earnings performance. A reconciliation of non-GAAP to GAAP earnings accompanies the financial tables in this earnings release.

"While disappointed with our overall revenue performance last quarter, we remain encouraged about the acceptance of our new products," stated Cyrus Y. Tsui, chairman and chief executive officer. "Our recently introduced products once again generated a record level of design activity during the last quarter and continue to be well received by our worldwide customer base. These new products now account for over 50 percent of our new design-ins. Unfortunately the sequential revenue growth of our new products and our FPGA business was more than offset by the sequential revenue decline of our mature product families."

Business Outlook - December 2003 Quarter:

- Revenue is expected to be approximately flat.
- Gross margins are expected to be approximately flat as a percentage of revenue.
- Total operating expenses are expected to be approximately flat.
- Other Income is expected to be approximately \$400 thousand.
- We do not anticipate reporting a tax provision.

On October 21, 2003, Lattice will hold a telephone conference call at 5:30 am (Pacific Time) with financial analysts. Investors may listen to our conference call via the web at www.ccbn.com. Both the conference call and our business outlook statement will be available on our website, www.lsc.com. On December 11, 2003, we plan to publish a "Business Update Statement" on our website. Our financial guidance will be limited to the comments on our public quarterly earnings call and these public business outlook statements. Additionally, during the December 2003 quarter, Lattice plans to participate in investor conferences sponsored by the American Electronics Association, JP Morgan and Morgan Stanley. Specific presentation dates and times are posted on our website at www.lsc.com.

The foregoing paragraphs contain forward-looking statements within the meaning of the Federal Securities laws including statements about future quarterly financial results, revenues, customers, product offerings and our ability to compete. Investors are cautioned that actual events and results could differ materially from these statements as a result of a number of factors, including overall semiconductor market conditions, market acceptance and demand for our new products, risks related to our recent acquisitions and their integration with Lattice, our dependencies on our silicon wafer suppliers, the impact of competitive products and pricing, technological and product development risks.

Oregon-based Lattice Semiconductor Corporation designs, develops and markets the broadest range of Field Programmable Gate Arrays (FPGAs) and Field Programmable System Chips (FPSCs) and high-performance ISP(TM) programmable logic devices (PLDs).

Lattice offers total solutions for today's system designs by delivering the most innovative programmable silicon products that embody leading-edge system expertise. Lattice products are sold worldwide through an extensive network of independent sales representatives and distributors, primarily to OEM customers in the communication, computing, industrial and military end markets. Company headquarters are located at 5555 N.E. Moore Court, Hillsboro, Oregon 97124 USA. For more information access our web site at www.latticesemi.com.

Lattice Semiconductor Corporation, L (& design), Lattice (& design), in-system programmable, ISP and specific product designations are either registered trademarks or trademarks of Lattice Semiconductor Corporation or its subsidiaries in the United States and/or other countries.

Lattice Semiconductor Corporation
Consolidated Statement of Operations
(in thousands, except per share data)
(unaudited)

Description	Three months ended			Nine months ended	
	Sept. 30, 2003	June 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002
Revenue	\$51,038	\$58,178	\$56,072	\$167,527	\$171,416
Costs and expenses:					
Costs of products sold	20,662	23,289	22,429	67,159	68,527
Research and development	21,173	21,702	21,523	64,707	63,986
Selling, general and administrative	12,114	12,614	11,712	37,211	35,790
In-process research and development (1)	--	--	5,653	--	29,853
Amortization of intangible assets (2)(3)	18,665	18,687	18,070	58,466	54,616
Total costs and expenses	72,614	76,292	79,387	227,543	252,772
Loss from operations	(21,576)	(18,114)	(23,315)	(60,016)	(81,356)
Other (expense) income, net	(3,611)	(1,365)	2,764	(3,485)	3,941
Loss before benefit for income taxes	(25,187)	(19,479)	(20,551)	(63,501)	(77,415)
Benefit for income taxes	(3,300)	(2,554)	(6,180)	(5,854)	(29,280)
Net loss	(\$21,887)	(\$16,925)	(\$14,371)	(\$57,647)	(\$48,135)
Basic net loss per share	(\$0.20)	(\$0.15)	(\$0.13)	(\$0.52)	(\$0.44)
Diluted net loss per share	(\$0.20)	(\$0.15)	(\$0.13)	(\$0.52)	(\$0.44)
Shares used in per share calculations:					
Basic	111,840	111,507	110,232	111,615	109,855
Diluted (4)	111,840	111,507	110,232	111,615	109,855

Notes:

- (1) Represents write-off of in-process research and development in conjunction with the August 26, 2002, acquisition of Cerdelinx Technologies, Inc. and the January 18, 2002, acquisition of the FPGA business of Agere Systems, Inc.
- (2) Intangible assets subject to amortization aggregate \$102.5 million, net, at September 30, 2003 and relate to the acquisition of Cerdelinx Technologies, Inc. on August 26, 2002, the acquisition of the FPGA business of Agere Systems, Inc. on January 18, 2002, the acquisition of Vantis Corporation on June 16, 1999, and the acquisition of Integrated Intellectual Property Inc. on March 16, 2001. These intangible assets are amortized to expense generally over three to seven years on a straight-line basis.
- (3) Includes \$0.8 million of deferred stock compensation expense for each of the quarters ended September 30, 2003, June 30, 2003, and September 30, 2002, respectively, and \$4.9 million and \$1.9 million of deferred stock compensation expense for the nine months ended September 30, 2003, and September 30, 2002, respectively, attributable to Research and Development activities.
- (4) For all periods presented, the computation of diluted net loss per share excludes the effect of stock options and our convertible notes, as they are antidilutive.

Consolidated Balance Sheet
(in thousands)
(unaudited)

Description	Sept. 30, 2003	Dec. 31, 2002

Assets		
Current assets:		
Cash and short-term investments	\$278,754	\$276,880
Accounts receivable, net	26,941	26,374
Inventories	47,942	56,241
Other current assets	12,617	35,033
	-----	-----
Total current assets	366,254	394,528
Property and equipment, net	56,520	62,786
Foundry investments, advances and other assets	124,670	104,507
Goodwill and other intangible assets, net (1)	326,071	379,442
	-----	-----
	\$873,515	\$941,263
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$28,846	\$33,597
Deferred income on sales to distributors	6,361	11,983
Income taxes payable	--	142
	-----	-----
Total current liabilities	35,207	45,722
4 3/4% Convertible notes due in 2006	--	208,061
Zero Coupon Convertible notes due in 2010	184,000	--
Other long-term liabilities	22,053	26,345
	-----	-----
	206,053	234,406
Stockholders' equity	632,255	661,135
	-----	-----
	\$873,515	\$941,263
	=====	=====

Note:

- (1) At September 30, 2003, includes approximately \$9.8 million of other intangible assets, net, recorded in the September 2002

quarter in connection with the August 26, 2002, acquisition of Cerdelinx Technologies, Inc. Also includes \$142.5 million in Goodwill and \$56.7 million of other intangible assets, net, recorded in the March 2002 quarter in connection with the January 18, 2002, acquisition of the FPGA business of Agere Systems, Inc., and approximately \$81.1 million in Goodwill and \$36.0 million of other intangible assets, net, related to previous acquisitions. The other intangible assets will be amortized to expense generally over three to seven years. Goodwill is not amortized effective with the March 2002 quarter.

Appendix 1

Lattice Semiconductor Corporation
Consolidated Operations Information -- Non-GAAP Basis (1)
(in thousands, except per share data)
(unaudited)

Description	Three months ended			Nine months ended	
	Sept. 30, 2003	June 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002
Revenue	\$51,038	\$58,178	\$56,072	\$167,527	\$171,416
Costs and expenses:					
Costs of products sold	20,662	23,289	22,429	67,159	68,527
Research and development	21,173	21,702	21,523	64,707	63,986
Selling, general and administrative	12,114	12,614	11,712	37,211	35,790
Total costs and expenses	53,949	57,605	55,664	169,077	168,303
(Loss) income from operations	(2,911)	573	408	(1,550)	3,113
Other (expense) income, net	(3,611)	(1,365)	2,764	(3,485)	3,941
(Loss) income before (benefit) provision for income taxes	(6,522)	(792)	3,172	(5,035)	7,054
(Benefit) provision for income taxes	(3,300)	(2,554)	825	(5,854)	1,834
Tax shield (2)	--	--	4,250	--	12,423
Non-GAAP (loss) earnings	(\$3,222)	\$1,762	\$6,597	\$819	\$17,643
Diluted Non-GAAP (loss) earnings per share (3)	(\$0.03)	\$0.02	\$0.06	\$0.01	\$0.16
Shares used in calculations	111,840	113,405	110,683	112,918	111,760

Notes:

(1) This table presents operating information which is consistent with the information reported by First Call, IBES and Zacks for Lattice Semiconductor Corporation. A reconciliation to GAAP on a per share basis is attached as Appendix 2.

(2) Tax Shield represents the current period tax deduction available from amortizing gross goodwill and other intangible assets (approximately \$750 million as of December 31, 2002) over 15 years on a straight line basis using a 34% tax rate. As of the March 31, 2003, quarter, we are no longer reporting

a Tax Shield.

- (3) For the three months ended June 30, 2003, and September 30, 2002, and for the nine months ended September 30, 2003 and 2002, respectively, the computation of diluted Non-GAAP earnings includes the effect of stock options but excludes the effect of our convertible notes as they are antidilutive. For the three months ended September 2003, the computation of diluted Non-GAAP loss excludes the effect of both stock options and our convertible notes as they are antidilutive.

Appendix 2

Lattice Semiconductor Corporation
Non-GAAP Earnings Reconciliation (1)
(unaudited)

Description	Three months ended			Nine months ended	
	Sept. 30, 2003	June 30, 2003	Sept. 30, 2002	Sept. 30, 2003	Sept. 30, 2002
Net loss	(\$0.20)	(\$0.15)	(\$0.13)	(\$0.52)	(\$0.44)
Add:					
Amortization of intangible assets	\$0.17	\$0.17	\$0.10	\$0.53	\$0.31
In-process research and development (2)	--	--	\$0.04	--	\$0.17
Tax shield (3)	--	--	\$0.04	--	\$0.11
Difference in effective tax rate (4)	--	--	\$0.01	--	\$0.01
Non-GAAP (loss) income	(\$0.03)	\$0.02	\$0.06	\$0.01	\$0.16

Notes:

- (1) This table reconciles net income (loss) to non-GAAP information, which is presented in Appendix 1, on a per-share basis.
- (2) Represents write-off of in-process research and development in conjunction with the August 26, 2002 acquisition of Cerdelix Technologies, Inc. and the January 18, 2002, acquisition of the FPGA business of Agere Systems, Inc.
- (3) Tax Shield represents the current period tax deduction available from amortizing gross goodwill and other intangible assets (approximately \$750 million as of December 31, 2002) over 15 years on a straight line basis using a 34% tax rate. As of the March 31, 2003, quarter, we are no longer reporting a Tax Shield.
- (4) The effective tax rate is the ratio of income tax expense to pretax income. The rate for the three and nine months ended September 30, 2002, presented in the non-GAAP information presentation is different from the rates in the Statement of Operations, due to the difference in the proportion of taxable income derived from operations.

Appendix 3

LATTICE SEMICONDUCTOR CORPORATION
- Supplemental Historic Financial Information -
(Q3 2003)

Operations Information	Q303	Q203	Q302
Percent of Revenue			
Gross Margin	59.5%	60.0%	60.0%
R&D Expense	41.5%	37.3%	38.4%
SG&A Expense	23.7%	21.7%	20.9%
Operating (Loss) Income	-42.3%	-31.1%	-41.6%
Operating (Loss) Income (Non-GAAP)	-5.7%	1.0%	.7%

Depreciation Expense (\$000)	4,658	4,603	4,841
Capital Expenditures (\$000)	2,300	2,504	4,494

Balance Sheet Information

Current Ratio	10.4	14.0	8.0
A/R Days Revenue Outstanding	48	45	45
Inventory Months	7.0	6.2	8.1

Revenue % (by Product Family)

FPGA	18%	16%	13%
CPLD	68%	69%	69%
SPLD	14%	15%	18%

Revenue % (by Product Classification (a))

New	12%	8%	
Mainstream	44%	40%	
Mature	44%	52%	

Revenue % (by Geography)

Americas	37%	41%	43%
Europe (incl. Africa)	23%	26%	26%
Asia (incl. ROW)	40%	33%	31%

Revenue % (by End Market)

Communications	49%	52%	43%
Computing	22%	21%	27%
Other	29%	27%	30%

Revenue % (by Channel)

Direct	56%	52%	50%
Distribution	44%	48%	50%

(a) Product Classification:

New: FPSC, XPLD, XPGA, GDX2, ORCA 4, ispMACH 4000, ispMACH 4000 Z, ispPAC-PWR

Mainstream: ORCA 3, GDX/V, ispMACH L/V, ispLSI 2000V, ispLSI 5000V, ispLSI 8000V, ispMACH 5000VG, Mixed Signal, Software

Mature: ORCA 2, All 5-Volt CPLDs, All SPLDs

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