

UNITED STATES
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: January 24, 2005
(Date of earliest event reported)

LATTICE SEMICONDUCTOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	000-18032	93-0835214
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(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5555 N.E. Moore Court, Hillsboro, Oregon	97124-6421
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(Address of principal executive offices)	(Zip Code)

(503) 268-8000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On January 24, 2005, Lattice Semiconductor Corporation (the "Company") issued a press release announcing the Company's financial results for the fiscal quarter and year ending January 1, 2005. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02, in Item 9.01 hereof and in Exhibit 99.1 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

The following exhibit is being furnished (not filed) herewith:

Exhibit Number	Description
99.1	Press Release dated January 24, 2005, entitled "Lattice Semiconductor Reports Fourth Quarter and Year End Financial Results"

SIGNATURES

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

LATTICE SEMICONDUCTOR CORPORATION

(Registrant)

Date: January 24, 2005

By: /s/ Jan Johannessen

Jan Johannessen
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release dated January 24, 2005, entitled "Lattice Semiconductor Reports Fourth Quarter and Year End Financial Results"

Lattice Semiconductor Reports Fourth Quarter and Year End Financial Results

HILLSBORO, Ore.--(BUSINESS WIRE)--Jan. 24, 2005--Lattice Semiconductor Corporation (Nasdaq:LSCC) today announced financial results for the fourth quarter and year ending December 2004.

For the year 2004, revenue was \$225.8 million, an increase of eight percent from the \$209.7 million reported in 2003. During 2004, PLD revenue grew six percent to \$183.1 million and accounted for 81 percent of total revenue while FPGA revenue increased 15 percent to \$42.7 million and accounted for 19 percent of total revenue.

Net loss for 2004 was \$52.0 million (\$0.46 per share), an improvement from the net loss of \$91.8 million (\$0.82 per share) reported in 2003. These losses include charges of \$47.3 million and \$77.1 million, respectively, for the amortization of intangible assets. Excluding these charges, the loss for 2004 was \$4.7 million (\$0.04 per share) as compared to a loss of \$14.7 million (\$0.13 per share) for 2003. These non-cash amortization charges have been highlighted as they are currently expected to be substantially eliminated in 2008. The Company believes exclusion of these charges more closely approximate its cash earnings performance. A reconciliation of non-GAAP loss to GAAP net loss accompanies the financial tables in this earnings release.

For the fourth quarter of 2004, revenue was \$48.5 million, a decrease of eight percent from the \$52.8 million reported in the same quarter a year ago and a decrease of 15 percent from the \$57.3 million reported last quarter. Quarterly revenue from PLD products was \$39.6 million, or 82 percent of total revenue, and declined 14 percent sequentially. Quarterly revenue from FPGA products was \$8.9 million, or 18 percent of total revenue, and declined 21 percent sequentially. Quarterly revenue from New products, now 26 percent of total revenue, grew 5 percent sequentially and 72 percent on a year over year basis.

Net loss for the fourth quarter was \$13.1 million (\$0.12 per share). This loss includes a \$5.8 million charge for amortization of intangible assets. Excluding this charge, loss for the quarter was \$7.4 million (\$0.07 per share). This non-cash amortization charge has been highlighted as these charges are currently expected to be substantially eliminated in 2008. The Company believes exclusion of these charges more closely approximate its cash earnings performance. A reconciliation of non-GAAP loss to GAAP net loss accompanies the financial tables in this earnings release.

"Last quarter was a difficult one for the PLD industry and our results reflect these unfavorable market conditions," stated Cyrus Y. Tsui, chairman and chief executive officer. "On a positive note, we posted sequential revenue growth from our New products, reduced our inventory balance and continued to generate positive cash flow from operations before the payment of a \$25 million advance to our foundry partner Fujitsu."

"The year 2004 has been a period of transition for Lattice," continued Tsui. "We sustained a large R&D investment in order to support the development of a full portfolio of next generation FPGA product families. We believe these new products will be critical to our long-term success and ability to grow our revenue and market share in this attractive segment. During the third quarter, we initiated the market roll-out of the first of these new families, the LatticeEC(TM) and LatticeEC-DSP(TM), and are now moving quickly towards volume production availability of all 12 devices in these families. At this early stage, we remain pleased with the initial customer reception and are optimistic about the market potential for these new FPGA families. Looking forward, we expect this new product momentum to continue throughout 2005 as we continue our roll-out of additional families of differentiated products targeted at the FPGA market."

Business Outlook - March 2005 Quarter:

- Quarterly revenue is expected to be \$46 million to \$49 million;
- Gross margin percentage is expected to be approximately flat;
- Total operating expenses are expected to increase by \$1 million to \$2 million;
- Intangible asset amortization is expected to be approximately \$4.4 million; and
- Other Income is expected to be approximately \$1 million.

On January 25, 2005, Lattice will hold a telephone conference call at 5:30 am (Pacific Time) with financial analysts. Investors may listen to our conference call live via the web at www.lsc.com. Replays of the call will also be available at www.lsc.com. On March 15, 2005, 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 March 2005 quarter, Lattice plans to participate in investor conferences sponsored by Goldman Sachs and Morgan Stanley. Specific presentation dates and times are posted on our website at

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 the Company's 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 the Company's new products, the Company's dependencies on our silicon wafer suppliers, the impact of competitive products and pricing, technological and product development risks. The Company does not intend to update or revise any forward looking statements, whether as a result of events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Lattice Semiconductor Corporation, the inventor of in-system programmable (ISP(TM)) logic products, designs, develops and markets the broadest range of Field Programmable Gate Arrays (FPGA), Field Programmable System Chips (FPSCs) and high-performance Programmable Logic Devices (PLDs), including Complex Programmable Logic Devices (CPLD), Programmable Mixed Signal Components (ispPAC), and Programmable Digital Interconnect (ispGDX). Lattice also offers industry leading SERDES products. 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 communications, computing, consumer, 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) 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)

Description	Three months ended			Year Ended	
	Dec. 31, 2004	Sept. 30, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	\$48,541	\$57,281	\$52,757	\$225,832	\$209,662
Costs and expenses:					
Costs of products sold	21,058	24,848	23,814	96,857	89,266
Research and development	22,886	23,213	22,385	90,957	87,092
Selling, general and administrative	13,017	13,630	13,562	53,803	50,773
Amortization of intangible assets (1)(2)	5,759	5,785	18,661	47,249	77,127
Total costs and expenses	62,720	67,476	78,422	288,866	304,258
Loss from operations	(14,179)	(10,195)	(25,665)	(63,034)	(94,596)
Other income (expense), net	1,141	3,989	421	11,373	(3,064)
Loss before (benefit) provision for income taxes	(13,038)	(6,206)	(25,244)	(51,661)	(97,660)
Provision (benefit) for income taxes	100	118	0	318	(5,854)

Net loss	(\$13,138)	(\$6,324)	(\$25,244)	(\$51,979)	(\$91,806)
Basic net loss per share	(\$0.12)	(\$0.06)	(\$0.22)	(\$0.46)	(\$0.82)
Diluted net loss per share	(\$0.12)	(\$0.06)	(\$0.22)	(\$0.46)	(\$0.82)
Shares used in per share calculations:					
Basic	113,307	113,181	112,364	112,976	111,794
Diluted (3)	113,307	113,181	112,364	112,976	111,794

Notes:

(1) Intangible assets subject to amortization aggregate \$40.8 million, net, at December 31, 2004 and relate to the acquisition of Cerdelix Technologies, Inc. on August 26, 2002, the acquisition of the FPGA business of Agere Systems, Inc. on January 18, 2002 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.

(2) Includes \$0.6 million, \$0.7 million and \$0.8 million of deferred stock compensation expense for the quarters ended December 31, 2004, September 30, 2004, December 31, 2003, respectively, attributable to Research and Development activities. Includes \$3.4 million, and \$5.7 million of deferred stock compensation expense for the years ended December 31, 2004, and December 31, 2003, respectively, attributable to Research and Development activities.

(3) 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.

Lattice Semiconductor Corporation
Consolidated Balance Sheet
(in thousands)

Description	Dec. 31, 2004	Dec. 31, 2003
----- (unaudited)		
Assets		
Current assets:		
Cash and short-term investments	\$296,295	\$277,750
Accounts receivable, net	19,587	26,796
Inventories	38,634	46,630
Other current assets	46,527	51,537
Total current assets	401,043	402,713
Property and equipment, net	47,586	53,800
Foundry investments, advances and other assets	97,877	86,883
Goodwill and other intangible assets, net (1)	264,400	308,232
	\$810,906	\$851,628
----- Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$61,161	\$28,537
Deferred income on sales to distributors	11,399	10,564
Total current liabilities	72,560	39,101
Zero Coupon Convertible notes due in 2010	169,000	184,000
Other long-term liabilities	26,755	22,415
	195,755	206,415

Stockholders' equity	542,591	606,112
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	\$810,906	\$851,628
	=====	=====

Note:

(1) At December 31, 2004, includes approximately \$223.6 million in Goodwill and \$40.8 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			Year Ended	
	Dec. 31, 2004	Sept. 30, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Revenue	\$48,541	\$57,281	\$52,757	\$225,832	\$209,662
Costs and expenses:					
Costs of products sold	21,058	24,848	23,814	96,857	89,266
Research and development	22,886	23,213	22,385	90,957	87,092
Selling, general and administrative	13,017	13,630	13,562	53,803	50,773
Total costs and expenses	56,961	61,691	59,761	241,617	227,131
Loss from operations	(8,420)	(4,410)	(7,004)	(15,785)	(17,469)
Other income (expense), net	1,141	3,989	421	11,373	(3,064)
Loss before provision (benefit) for income taxes	(7,279)	(421)	(6,583)	(4,412)	(20,533)
Provision (benefit) for income taxes	100	118	0	318	(5,854)
Non-GAAP net loss	(\$7,379)	(\$539)	(\$6,583)	(\$4,730)	(\$14,679)
Diluted Non-GAAP loss per share (2)	(\$0.07)	(\$0.00)	(\$0.06)	(\$0.04)	(\$0.13)
Shares used in calculations	113,307	113,181	112,364	112,976	111,794

Notes:

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

(2) For all periods presented, the computation of diluted Non-GAAP loss excludes the effect of 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			Year Ended	
	Dec. 31, 2004	Sep. 30, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Net loss	(\$0.12)	(\$0.06)	(\$0.22)	(\$0.46)	(\$0.82)
Add:					
Amortization of intangible assets	\$0.05	\$0.06	\$0.16	\$0.42	\$0.69
Non-GAAP loss	(\$0.07)	\$0.00	(\$0.06)	(\$0.04)	(\$0.13)

Notes:

(1) This table reconciles net loss to non-GAAP information, which is presented in Appendix 1, on a per-share basis.

Appendix 3

LATTICE SEMICONDUCTOR CORPORATION
- Supplemental Historic Financial Information -
(Q4 2004)

Operations Information	Q404	Q304	Q403
Percent of Revenue			
Gross Margin	56.6%	56.6%	54.9%
R&D Expense	47.1%	40.5%	42.4%
SG&A Expense	26.8%	23.8%	25.7%
Operating Loss	-29.2%	-17.8%	-48.6%
Operating Loss (Non-GAAP)	-17.3%	-7.7%	-13.3%
Depreciation Expense (\$000)	3,890	4,185	4,598
Capital Expenditures (\$000)	2,301	1,361	1,808
Balance Sheet Information			
Current Ratio	5.5	5.6	10.3
A/R Days Revenue Outstanding	37	43	46
Inventory Months	5.5	4.7	5.9
Revenue % (by Product Family)			
FPGA	18%	20%	20%
PLD	82%	80%	80%
Revenue % (by Product Classification(a))			
New	26%	21%	14%
Mainstream	35%	43%	42%
Mature	39%	36%	44%
Revenue % (by Geography)			
Americas	33%	31%	36%
Europe (incl. Africa)	26%	22%	22%
Asia (incl. ROW)	41%	47%	42%
Revenue % (by End Market)			
Communications	48%	50%	51%
Computing	20%	20%	21%
Other	32%	30%	28%
Revenue % (by Channel)			
Direct	59%	62%	61%
Distribution	41%	38%	39%

(a) Product Classification:

New: LatticeEC/P, FPSC, XPLD, XPGA, GDX2, ORCA 4, ispMACH 4000, ispMACH 4000 Z, ispPAC-PWR, ispCLK

Mainstream: ORCA 3, GDX/V, ispMACH L/V, ispLSI 2000V, ispLSI 5000V, ispLSI 8000V, ispMACH 5000VG, and Other

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

CONTACT: Lattice Semiconductor Corporation

