

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

LATTICE SEMICONDUCTOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

93-0835214

(I.R.S. Employer
Identification No.)

**5555 N.E. Moore Court
Hillsboro, Oregon 97124-6421**
(Address of Principal Executive Offices, including Zip Code)

**Octillion Communications, Inc. 2001 Stock Option Plan
Cerdelinx Technologies, Inc. Special 2002 Stock Option Plan
Lattice Semiconductor Employee Stock Purchase Plan**
(Full title of the plans)

**Stephen A. Skaggs
Chief Financial Officer
LATTICE SEMICONDUCTOR CORPORATION
5555 N.E. Moore Court
Hillsboro, Oregon 97124-6421
(503) 268-8000**
(Name, address and telephone number of agent for service)

Copy to:
**John A. Fore, Esq.
WILSON SONSINI GOODRICH & ROSATI
Professional Corporation
650 Page Mill Road
Palo Alto, California 94304
(650) 493-9300**

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$0.01 par value per share, to be issued under the Octillion Communications, Inc. 2001 Stock Option Plan (2)	<u>84,649</u>	\$ 0.41 (3)	\$ 34,706.09	\$ 3.00
Common Stock, \$0.01 par value per share, to be issued under the Cerdelinx Technologies, Inc. Special 2002 Stock Option Plan (2)	<u>134,767</u>	\$ 2.54 (3)	\$ 342,308.18	\$ 31.00
Common Stock, \$0.01 par value per share, to be issued under the Lattice Semiconductor Employee Stock Purchase Plan	<u>900,000</u>	\$ 6.24 (4)	\$ 5,616,000	\$ 517.00
Total:	<u>1,119,416</u>		\$ 5,993,014.27	\$ 551.00

(1) Plus such indeterminable number of additional shares as may be issued as a result of an adjustment in the shares in the event of a stock split, stock dividend or similar capital adjustment.

- (2) On August 26, 2002, the Registrant completed the acquisition of Cerdelinx Technologies, Inc, a California corporation (f/k/a Octillion Communications, Inc.) ("Cerdelinx"). In connection with the acquisition, the Registrant assumed the obligations under the Octillion Communications, Inc. 2001 Stock Option Plan and the Cerdelinx Technologies, Inc. Special 2002 Stock Option Plan (the "Cerdelinx Plans") and is obligated to issue up to 219,416 shares of common stock of the Registrant upon the exercise of stock options outstanding under such plans, which stock options are held by employees of Registrant. The Registrant does not anticipate issuing any additional stock options under the Cerdelinx Plans.
 - (3) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(h) under the Securities Act of 1933, as amended (the "Securities Act"), on the basis of the weighted average exercise price of the outstanding options.
 - (4) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(h) under the Securities Act on the basis of \$6.24, the average of the high and low prices of the Registrant's Common Stock on September 3, 2002, as reported on the Nasdaq National Market.
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REGISTRATION STATEMENT ON FORM S-8

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The document(s) containing the information specified in Part I of Form S-8 will be sent or given to participating employees as specified by Rule 428(b)(1) of the Securities Act of 1933, as amended (the "Securities Act"). These documents and the documents incorporated by reference into this Registration Statement pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute a prospectus that meet the requirements of Section 10(a) of the Securities Act.

PART II

INFORMATION REQUIRED IN REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents and information previously filed with the Securities and Exchange Commission (the "Commission") by Lattice Semiconductor Corporation (the "Company") are hereby incorporated by reference in this Registration Statement:

- (a) Our Annual Report on Form 10-K for the year ended December 31, 2001, filed on March 26, 2002.
- (b) Our Proxy Statement for its 2002 Annual Meeting of Stockholders, filed on April 4, 2002.
- (c) Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, filed on May 10, 2002.
- (d) Our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed on August 12, 2002.
- (e) Our Current Report on Form 8-K filed on February 4, 2002, as amended on April 2, 2002.
- (f) The description of our Common Stock which is contained in our Registration Statement on Form 8-A filed with the Commission on September 27, 1989, including any amendment or report filed for the purpose of updating any such description.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities registered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

The validity of the issuance of the common stock in this offering will be passed upon for us by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Larry W. Sonsini, one of our directors, is Chairman and Chief Executive Officer of Wilson Sonsini Goodrich & Rosati. Mr. Sonsini beneficially owned 29,168 shares of our common stock as of August 31, 2002, including 18,000 shares subject to options exercisable within 60 days of that date.

Item 6. Indemnification of Directors and Officers.

The Company's Restated Certificate of Incorporation, as amended (the "Certificate"), limits, to the maximum extent permitted by the General Corporation Law of the State of Delaware ("Delaware Law"), as the same exists or may hereafter be amended, the personal liability of directors for monetary damages for their conduct as a director. The Company's Bylaws provide that the Company shall indemnify its officers and directors and may indemnify its employees and other agents to the fullest extent permitted by law against expenses, including attorneys fees, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising out of their status as our agent. The Company's Bylaws also allow us to purchase and maintain insurance on behalf of any person who is or was one of our directors, officers, employees or agents against any liability arising out of the person's status as such, whether or not we would have the power to indemnify the person under Delaware Law.

Section 145 of the Delaware Law provides that a corporation may indemnify a director, officer, employee or agent made a party to an action by reason of the fact that he was a director, officer, employee or agent of the corporation or was serving at the request of the corporation against expenses actually and reasonably incurred by him in connection with such action if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and with respect to any criminal action, had no reasonable cause to believe his conduct was unlawful.

Delaware Law does not permit a corporation to eliminate a director's duty of care, and the provisions of the Certificate have no effect on the availability of equitable remedies such as injunction or rescission, based upon a director's breach of the duty of care. Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the staff of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Exemption from Registration Claimed.

Not applicable.

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Item 8. Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
4.1	Octillion Communications, Inc. 2001 Stock Option Plan.
4.2	Cerdelix Technologies, Inc. Special 2002 Stock Option Plan.
4.3	Lattice Semiconductor Corporation Employee Stock Purchase Plan, as amended.
5.1	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation, Counsel to the Company.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
23.2	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation, Counsel to the Company (included in Exhibit 5.1).
24.1	Power of Attorney (see page II-5).

Item 9. Undertakings.

A. The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10 (a)(3) of the Securities Act.

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (A)(1)(i) and (A)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Exchange Act that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes, that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall

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be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Hillsboro, State of Oregon, on this 6th day of September, 2002.

LATTICE SEMICONDUCTOR CORPORATION

By: /s/ Cyrus Y. Tsui
Name: Cyrus Y. Tsui
Title: Chief Executive Officer and
Chairman of the Board

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Cyrus Y. Tsui and Stephen A. Skaggs, and each of them acting individually, as his attorney-in-fact, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Registration Statement on Form S-8, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or any substitute, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Cyrus Y. Tsui</u> Cyrus Y. Tsui	Chief Executive Officer (Principal Executive Officer) and Chairman of the Board of Directors	September 6, 2002
<u>/s/ Steven A. Laub</u> Steven A. Laub	President and Director	September 6, 2002

<u>/s/ Stephen A. Skaggs</u> Stephen A. Skaggs	Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) and Secretary	September 6, 2002
<u>/s/ Mark O. Hatfield</u> Mark O. Hatfield	Director	September 6, 2002
<u>/s/ Daniel S. Hauer</u> Daniel S. Hauer	Director	September 6, 2002
<u>/s/ Harry A. Merlo</u> Harry A. Merlo	Director	September 6, 2002
<u>/s/ Soo Boon Koh</u> Soo Boon Koh	Director	September 6, 2002
<u>/s/ Larry W. Sonsini</u> Larry W. Sonsini	Director	September 6, 2002

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LATTICE SEMICONDUCTOR CORPORATION
REGISTRATION STATEMENT ON FORM S-8

INDEX TO EXHIBITS

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23.1	Consent of PricewaterhouseCoopers LLP, Independent Accountants.
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OCTILLION COMMUNICATIONS INC.
2001 STOCK OPTION PLAN

As Adopted Effective February 9, 2001

1. Purpose.

(a) The purpose of the Octillion Communications Inc. Stock Option Plan (the "Plan") is to provide a means whereby selected eligible employees and officers and directors of and consultants to Octillion Communications Inc., a California corporation (the "Company"), and its Affiliates, if any, as defined below, may be given a favorable opportunity to acquire common stock of the Company (the "Common Stock"), thereby encouraging such persons to accept or continue a qualifying relationship with the Company; increasing the interest of such persons in the Company's welfare through participation in the growth and the value of the Common Stock; and furnishing such persons with an incentive to improve operations and increase profits of the Company. The term "Affiliate" or "Affiliates" as used in the Plan shall mean any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Internal Revenue Code of 1986, as amended (the "Code").

(b) To accomplish the foregoing objectives, the Plan provides a means whereby employees, directors, and consultants may receive options to purchase Common Stock.

2. Stock Option. Stock options granted pursuant to the Plan may, at the discretion of the Board of Directors of the Company, be granted either as an Incentive Stock Option ("ISO") or as a Non-statutory Stock Option ("NSO"). An ISO shall mean an option described in Section 422 of the Code. An NSO shall mean any option not meeting the requirements of Section 422 of the Code. An option designated as an NSO will not be treated as an ISO.

3. Administration. The Board of Directors (the "Board"), whose authority shall be plenary, shall administer the Plan, unless and until such time as the Board delegates administration of the Plan pursuant to subsection (3)(b), below.

(a) The Board, whose determinations shall be conclusive, shall have the power, subject to and within the limits of the express provisions of the Plan:

(i) To grant options pursuant to the Plan;

(ii) To determine from time to time which of the eligible persons described in Section 5, below, shall be granted options under the Plan, the number of shares for which each option shall be granted, the term of each granted option and the time or times during the term of each option within which all or a portion of each option may be exercised (which at the Board's discretion may be accelerated, if allowed under applicable law.)

(iii) To construe and interpret the Plan and options granted under it and to establish, amend, and revoke rules and regulations for its administration. The Board, in the

exercise of this power, shall generally determine all questions for policy and expediency that may arise and may correct any defect, omission or inconsistency in the Plan or in any option agreement with respect to the Plan in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iv) To grant options in exchange for cancellation of options granted earlier at different exercise prices; provided, however, nothing contained herein shall empower the Board to grant an ISO under conditions or pursuant to terms that are inconsistent with the requirements of subsection 4(b), below, or section 422 of the Code.

(v) To prescribe the terms and provisions of each option granted (which need not be identical) and the form of written instrument that shall constitute the option agreement;

(vi) To amend the Plan as provided in Section 11, below;

(vii) Generally, to exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company;

(viii) To take appropriate action to cause any option granted hereunder to cease to be an ISO; provided, however, no such action may be taken by the Board without the written consent of the affected optionee.

(b) The Board may, by resolution, delegate administration of the Plan (including, without limitation, the Board's powers under subsection 3(a) above) to a committee acting under the authority of the Board. In the event that the Company has registered any equity security under section 12 of the Securities Act of 1934, as amended (the "Act"), such committee shall consist of not less than two (2) members of the Board each of whom shall be a "disinterested person" and an "outside director". A member of the Board is a "disinterested person" if at the time she exercises discretion in administering the Plan she is not eligible and has not at any time within one year prior thereto been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company (or Affiliate) entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company (or Affiliate), or if she otherwise satisfies the requirements of a "disinterested person" within the meaning of Rule 16b-3 of the Act. A member of the Board is an "outside director" if she is not a current employee of the Company (or Affiliate), is not a former employee of the Company (or Affiliate) who is receiving compensation for prior services, was not an officer of the Company (or Affiliate) at any time, and currently is not receiving compensation for personal services to the Company (or Affiliate) in any capacity other than as a member of the Board, or if she otherwise satisfies the requirements of an "outside director" as such term is defined for purpose of Section 162(m) of the Code. The Board shall have complete discretion to determine the composition, structure, form, term and operation of any committee established to administer the Plan. The Board at any time may revert in the Board the administration of the Plan.

4. Shares Subject to Plan and to Option.

(a) Subject to the provisions of Section 10, below (relating to adjustments upon changes in stock), the stock which may be sold pursuant to options granted under the Plan shall not exceed in the aggregate of six million (6,000,000) shares of the Company's authorized Common Stock and they may be unissued shares, reacquired shares, or shares bought on the market for the purpose of issuance under the Plan. If any options granted under the Plan shall for any reason terminate or expire without having been exercised in full, the stock not purchased under such options shall be available again for the purpose of the Plan.

(b) If the aggregate fair market value of stock with respect to which ISOs are exercisable for the first time by any individual during any calendar year exceeds the amount provided in Section 422(d) of the Code, such options representing stock in excess of Section 422(d) annual limitation shall be deemed to be a grant of an NSO to the extent of such excess.

5. Eligibility.

(a) All employees of the Company and its Affiliates are eligible to receive ISOs and only employees of the Company or its Affiliate may be granted ISOs. Independent contractors, and Directors of the Company who are not also employees of the Company shall not be eligible for ISOs, but are eligible for NSOs. Employees shall also be eligible for NSOs.

(b) No option issued under the Plan, may be granted to a person who, at the time such option would be granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all outstanding capital stock of the Company or its Affiliate unless the option price is at least one hundred (100%) in the case of an NSO, one hundred ten percent (110%) in the case of an ISO, of the fair market value of the stock subject to the option and such option by its terms is not exercisable after five (5) years from the date such option is granted. Any employee may hold more than one (1) option at any time. For purpose of this subsection 5(b), in determining stock ownership, an optionee shall be considered as owning the voting capital stock owned, directly or indirectly, by or for his brothers and sisters, spouse, ancestors and lineal descendants. Voting capital stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be considered as being owned proportionately by or for its shareholders, partners or beneficiaries, as applicable. Common Stock with respect to which any such optionee holds an option shall not be counted. Additionally, for purpose of this subsection 5(b), outstanding capital stock shall include all capital stock actually issued and outstanding immediately after the grant of the option to the optionee. Outstanding capital stock shall not include capital stock authorized for issuance under outstanding options held by the optionee or by any other person.

6. Terms of Options. Options granted pursuant to the Plan need not be identical, but each option shall be granted within ten (10) years from the date the Plan is adopted by the Board or approved by the shareholders, whichever is earlier, shall specify the number of shares to which it pertains and shall be subject to the following terms and conditions:

(a) The purchase price of each option shall be determined by the administrator of the Plan at the time the option is granted, but shall in no event, except as otherwise set forth in

Section 5, above, be less than eighty-five percent (85%) in the case of an NSO, or one hundred percent (100%) in the case of an ISO, of the fair market value of the stock subject to the option on the date the option is granted. For all purposes of the Plan, the fair market value of the Common Stock shall be, if the stock is publicly traded, its closing bid price on NASDAQ or the over-the-counter market, or if it is traded on another stock exchange, the last price at which it traded on such exchange. If the stock is not publicly traded, the fair market value shall be such as is determined in good faith by the Board of Directors by taking into consideration the following factors: the Company's net worth, prospective earning power and dividend-paying capacity, and other relevant factors.

"Other relevant factors" include the goodwill of the business; the economic outlook in the particular industry; the Company's position in the industry and its management; the degree of control of the business represented by the bloc of the stock to be valued; and the values of securities of corporations engaged in the same or similar line of business which are listed on a stock exchange. In addition to the relevant factors described above, consideration shall also be given to nonoperating assets including proceeds of life insurance policies payable to or for the benefit of the Company, the extent such nonoperating assets have not been taken into account in the determination of net worth, prospective earning power, and dividend-earning capacity.

(b) Except as otherwise set forth in Section 5, above, the term of any option shall not be greater than ten (10) years from the date it was granted.

(c) An option by its terms, shall not be transferable otherwise than by will or the laws of descent and distribution and may be exercisable, during the lifetime of the option holder, only by the individual to whom the option is granted. Notwithstanding the above, if an employee is determined to be incompetent by a court of proper jurisdiction, his or her legal representative may exercise the option on his or her behalf.

(d) Each option shall become exercisable on annual basis as to not less than twenty percent (20%) of the total number of shares subject thereto.

(e) Options under the Plan may be exercised by a participant regardless of whether she is employed by the Company or an Affiliate at the time of exercise.

(f) Upon the termination of a participant's employment (defined as the date the participant is not longer employed by either the Company or any of its Affiliates), his or her rights to exercise an option then held by him or her shall be only as follows:

(i) If a participant's employment is terminated for any reason other than death of the participant, she may, within not less than three (3) months following such termination, or with such longer period as the Board may fix, exercise the option to the extent such option was exercisable by the participant on the date of termination of his employment, or to the extent otherwise specified by the Board, which may so specify at a time that is subsequent to the date of the termination of his employment, provided, the date of exercise is in no event after the expiration of the term of the option. However, if the participant's employment is terminated due to the Disability (within the meaning of Section 22(e) of the Code) of the

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participant, then this paragraph 6(f)(i) shall apply to such participant by substituting twelve (12) for three (3) months.

(ii) If a participant's employment is terminated by death, his estate shall have the right for a period of not less than twelve (12) months following the date of death, or for such longer period as the Board may fix, to exercise the option to the extent the participant was entitled to exercise such option on the date of death, or to the extent otherwise specified by the Board, which may so specify, at a time that is subsequent to the date of the death, provided the actual date of exercise is in no event after the expiration of the term of the option. A participant's estate shall mean his legal representative or any person who acquires the right to exercise an option by reason of the participant's death.

(g) Option may also contain such other provisions, which shall not be inconsistent with any of the foregoing term, as the Board shall deem appropriate. No option, however, nor anything contained in the Plan, shall confer upon any employee any right to continue in the employ of the Company (or Affiliate) nor limit in any way the right of the Company (or Affiliate) to terminate his or her employment at any time.

(h) Subject to any required action by the Company's shareholders, if upon the consummation of any merger or consolidation, the shareholders of the Company as constituted immediately prior to such merger or consolidation hold more than 50% of the total outstanding voting stock of the surviving or acquired entity immediately after such merger or consolidation, each outstanding option shall pertain and apply to the securities to which a holder of the number of shares subject to the option would have been entitled, provided, the excess of the aggregate fair market value of the shares subject to the option immediately after such merger or consolidation over the aggregate option price of such shares is not more than the excess of the aggregate fair market value of all shares subject to the option immediately before such merger and consolidation over the aggregate option price of such shares. Upon the consummation of a dissolution or liquidation of the Company or a merger or consolidation in which the Company's shareholders as constituted immediately prior to the merger or consolidation hold less than 50% of the total outstanding voting stock of the survived or acquired entity immediately after such merger or consolidation, each outstanding option shall terminate, unless the surviving or acquired corporation in the case of the merger or consolidation assumes outstanding options or replaces them with substitute options and (i) the excess of the aggregate fair market value of the shares subject to the option immediately after the substitution or assumption over the aggregate option price of such shares is not more than the excess of the aggregate fair market value of all shares subject to the option immediately before such substitution or assumption over the aggregate option price of such shares; and (ii) the new option or the assumption of the old option does not give the employee additional benefits which she did not have under the old option.

7. Payments and Loans Upon Exercise.

(a) The purchase price of stock sold pursuant to an option shall be paid either in full in cash or by certified check at the time the option is exercised or to the extent permitted under the applicable provisions of California General Corporation Law, pursuant to any deferred payment arrangement that the Board in its discretion may approve; provided, however, that any

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interest to be paid by an optionee in connection with any such deferred payment arrangement shall be charged at the applicable federal rate as defined in Section 1274(d) of the Code.

(b) The Company may make loans or guarantee loans made by an appropriate financial institution to individual optionees, including officers, on such terms as may be approved by the Board for the purpose of financing the exercise of options granted under the Plan and the payment of any taxes that may be due by such exercise.

(c) In addition, if and to the extent authorized by the Board, optionees may make all or any portion of any payment due to the Company upon exercise of an option by delivery of any property (including securities of the Company) other than cash, so long as such property constitutes valid consideration for the stock under applicable law.

(d) Where the Company has or will have a legal obligation to withhold taxes relating to the exercise of any stock option, such option may not be exercised, in whole or in part, unless such tax obligation is first satisfied in a manner satisfactory to the Company.

8. Use of Proceeds from Stock. Proceeds from the sale of stock pursuant to options granted under the Plan shall be used for general corporate purposes.

9. Stock Transfer Restrictions; Repurchase Provisions. Stock issued pursuant to the exercise of options granted under the Plan shall be subject to those stock transfer restrictions and repurchase provisions which shall be set forth in a Stock Option Agreement (the "Agreement"), substantially in the form attached hereto as Exhibit A. Each individual shall be required to execute such agreement prior to receiving his or her shares.

10. Adjustments of and Changes in the Stock. Subject to the provisions set forth in subsection 6(h), above, in the event the shares of Common Stock of the Company, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise), or if the number of shares of Common Stock of the Company shall be increased through the payment of a stock dividend, then there shall be substituted for or added to each share of Common Stock of the Company theretofore appropriated or thereafter subject or which may become subject to an option under the Plan, the number and kind of shares of stock or other securities into which each such outstanding share of Common Stock of the Company shall be so changed, or for which each such share shall be exchanged or to which each such share shall be entitled, as the case may be.

Outstanding options shall also be amended as to price and other terms if necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding shares of Common Stock of the Company, or of any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, then if the Board of Directors shall, in its sole discretion, determine that such change equitably requires an adjustment in any option theretofore granted or which may be granted under the Plan, such adjustment shall be made in accordance with such determination. No right

to purchase fractional shares shall result from any adjustment in options pursuant to this Section 10. In case of any such adjustment, the shares subject to the option shall be rounded down to the nearest whole share. Notice of any adjustment shall be given by the Company to each holder of an option which shall be so adjusted and such adjustment (whether or not notice is given) shall be effective and binding for all purposes of the Plan.

11. Amendment of the Plan. The Board at any time and from time to time, may amend the Plan, subject to the limitation, however, that except as provided in Section 10 (relating to adjustments upon changes in stock), no amendment shall be effective, unless approved, within twelve (12) months before or after the date of such amendment's adoption, by the vote or written consent of a majority of the outstanding shares of the Company entitled to vote, where such amendment will:

- (b) increase the number of shares reserved for options under the Plan;
- (c) materially modify the requirements of Section 5 as to eligibility for participation in the Plan; or
- (d) materially increase the benefits accorded to participant under the Plan.

It is expressly contemplated that the Board may amend the Plan in any respect necessary to provide the Company's employees with the maximum benefits provided or to be provided under Section 422 of the Code and regulations thereunder relating to employee incentive stock option and/or to bring the Plan or options granted under it into compliance therewith.

Rights and obligations under any option granted before any amendment of the Plan shall not be altered or impaired by amendment of the Plan, except with the consent, which may be obtained in any manner deemed by the Board to be appropriate, of the person to whom the option was granted.

12. Termination or Suspension of the Plan. The Board at any time may suspend or terminate the Plan. The Plan, unless sooner terminated, shall terminate at the end of ten (10) years from the date the Plan is adopted by the Board or approved by the stockholders of the Company, whichever is earlier. An option may not be granted under the Plan while the Plan is suspended or after it is terminated.

Rights and obligations under any option granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except with the consent of the person to whom the option was granted, which may be obtained in any manner that the Board deems appropriate.

13. Time of Granting Options. The date of an option hereunder shall, for all purposes, be the date on which the Board (or committee under authority of the Board) makes the determination granting such option.

14. Listing, Qualification or Approval of Stock; Approval of Options. All options granted under the Plan are subject to the requirement that if at any time the Board shall determine in its discretion that listing or qualification of the shares of the stock subject thereto on any securities exchange or under any applicable law, or the consent or approval by any governmental regulatory body or the shareholders of the Company, is necessary or desirable as a condition of or in connection with the issuance of shares under the option, the option may not be exercised in whole or in part, unless such listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board.

15. Binding Effect of the Conditions. The conditions and stipulations hereinabove contained or in any option granted pursuant to the Plan shall be and constitute a covenant running with all of the shares of the Company owned by the participant at any time, directly or indirectly whether the same have been issued or not, and those shares of the Company owned by the participant shall not be sold, assigned or transferred by any person save and except in accordance with the terms and conditions herein provided, and the participant shall agree to use his best efforts to cause the officers of the Company to refuse to record on the books of the Company any assignment or transfer made or attempted to be made, except as provided in the Plan and to cause said officers to refuse to cancel old certificates or to issue or deliver new certificates therefor where the purchaser or assignee has acquired certificates for the stock represented thereby, except strictly in accordance with the provisions of this Plan.

16. Effective Date of Plan. The Plan shall become effective as determined by the Board but no options granted under it shall be exercisable until the Plan has been approved by the vote or written consent of the holders of a majority of the outstanding shares of the Company entitled to vote. If such shareholders approval is not obtained within twelve (12) months before or after the date of the Board's adoption of the Plan, then all options previously granted under the Plan shall terminate, and no further options shall be granted and no shares shall be issued. Subject to such limitation, the Board may grant options under the Plan at any time after the effective date and before the date fixed herein for termination of the Plan.

17. Gender. The use of any gender specific pronoun or similar term is intended to be without legal significance as to gender.

18. Financial Reports. The Company shall provide financial and other information regarding the Company, on an annual or more frequent basis, to each individual holding an outstanding option under the plan as required pursuant to Section 260.14046 of Title 10, California Code of Regulations.

**CERDELINX TECHNOLOGIES, INC.
SPECIAL 2002 STOCK OPTION PLAN**

As Adopted Effective July 9, 2002

1. Purpose.

(a) The purpose of the Cerdelinx Technologies, Inc. Special 2002 Stock Option Plan (the "Plan") is to provide a means whereby selected eligible employees of Cerdelinx Technologies, Inc., a California corporation (the "Company"), and its Affiliates, if any, as defined below, may be given a favorable opportunity to acquire common stock of the Company (the "Common Stock"), thereby encouraging such persons to accept or continue a qualifying relationship with the Company; increasing the interest of such persons in the Company's welfare through participation in the growth and the value of the Common Stock; and furnishing such persons with an incentive to improve operations and increase profits of the Company. The term "Affiliate" or "Affiliates" as used in the Plan shall mean any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f) of the Internal Revenue Code of 1986, as amended (the "Code").

(b) To accomplish the foregoing objectives, the Plan provides a means whereby employees may receive options to purchase Common Stock.

(c) All stock options granted under the Plan shall be made in compliance with the applicable requirements of Section 25102(f) of the California Corporations Code so that the qualification of those securities shall not be required in the State of California.

2. Stock Option. Stock options granted pursuant to the Plan may only be Non-Statutory Stock Options ("NSOs"). An NSO shall mean any option not intended to meet the requirements of Section 422 of the Code.

3. Administration. The Board of Directors (the "Board"), whose authority shall be plenary, shall administer the Plan, unless and until such time as the Board delegates administration of the Plan pursuant to subsection (3)(b), below.

(a) The Board, whose determinations shall be conclusive, shall have the power, subject to and within the limits of the express provisions of the Plan:

(i) To grant options pursuant to the Plan;

(ii) To determine from time to time which of the eligible persons described in Section 5, below, shall be granted options under the Plan, the number of shares for which each option shall be granted, the term of each granted option and the time or times during the term of each option within which all or a portion of each option may be exercised (which at the Board's discretion may be accelerated, if allowed under applicable law.)

(iii) To construe and interpret the Plan and options granted under it and to establish, amend, and revoke rules and regulations for its administration. The Board, in the exercise of this power, shall generally determine all questions for policy and expediency that may arise and may correct any defect, omission or inconsistency in the Plan or in any option agreement with respect to the Plan in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iv) To grant options in exchange for cancellation of options granted earlier at different exercise prices;

(v) To prescribe the terms and provisions of each option granted (which need not be identical) and the form of written instrument that shall constitute the option agreement;

(vi) To amend the Plan as provided in Section 11, below;

(vii) Generally, to exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

(b) The Board may, by resolution, delegate administration of the Plan (including, without limitation, the Board's powers under subsection 3(a) above) to a committee acting under the authority of the Board. In the event that the Company has registered any equity security under section 12 of the Securities Act of 1934, as amended (the "Act"), such committee shall consist of not less than two (2) members of the Board each of whom shall be a "disinterested person" and an "outside director". A member of the Board is a "disinterested person" if at the time she exercises discretion in administering the Plan she is not eligible and has not at any time within one year prior thereto been eligible for selection as a person to whom stock may be allocated or to whom stock options or stock appreciation rights may be granted pursuant to the Plan or any other plan of the Company (or Affiliate) entitling the participants therein to acquire stock, stock options or stock appreciation rights of the Company (or Affiliate), or if she otherwise satisfies the requirements of a "disinterested person" within the meaning of Rule 16b-3 of the Act. A member of the Board is an "outside director" if she is not a current employee of the Company (or Affiliate), is not a former employee of the Company (or Affiliate) who is receiving compensation for prior services, was not an officer of the Company (or Affiliate) at any time, and currently is not receiving compensation for personal services to the Company (or Affiliate) in any capacity other than as a member of the Board, or if she otherwise satisfies the requirements of an "outside director" as such term is defined for purpose of Section 162(m) of the Code. The Board shall have complete discretion to determine the composition, structure, form, term and operation of any committee established to administer the Plan. The Board at any time may revert in the Board the administration of the Plan.

4. Shares Subject to Plan and to Option.

(a) Subject to the provisions of Section 10, below (relating to adjustments upon changes in stock), the stock which may be sold pursuant to options granted under the Plan shall not exceed in the aggregate of six hundred eighty-five thousand two hundred twenty-two

(685,222) shares of the Company's authorized Common Stock and they may be unissued shares, reacquired shares, or shares bought on the market for the purpose of issuance under the Plan. If any options granted under the Plan shall for any reason terminate or expire without having been exercised in full, the stock not purchased under such options shall be available again for the purpose of the Plan.

5. Eligibility.

- (a) Only employees of the Company and its Affiliates are eligible to receive option grants under the Plan.
- (b) Any employee may hold more than one (1) option at any time.

6. Terms of Options. Options granted pursuant to the Plan need not be identical, but each option shall be granted within ten (10) years from the date the Plan is adopted by the Board or approved by the shareholders, whichever is earlier, shall specify the number of shares to which it pertains and shall be subject to the following terms and conditions:

(a) The purchase price of each option shall be determined by the administrator of the Plan at the time the option is granted, and may be less than, equal to, or more than the fair market value of the stock subject to the option on the date the option is granted. For all purposes of the Plan, the fair market value of the Common Stock shall be, if the stock is publicly traded, its closing bid price on NASDAQ or the over-the-counter market, or if is traded on another stock exchange, the last price at which it traded on such exchange. If the stock is not publicly traded, the fair market value shall be such as is determined in good faith by the Board of Directors by taking into consideration the following factors: the Company's net worth, prospective earning power and dividend-paying capacity, and other relevant factors.

"Other relevant factors" include the goodwill of the business; the economic outlook in the particular industry; the Company's position in the industry and its management; the degree of control of the business represented by the bloc of the stock to be valued; and the values of securities of corporations engaged in the same or similar line of business which are listed on a stock exchange. In addition to the relevant factors described above, consideration shall also be given to nonoperating assets including proceeds of life insurance policies payable to or for the benefit of the Company, the extent such nonoperating assets have not been taken into account in the determination of net worth, prospective earning power, and dividend-earning capacity.

(b) The term of any option shall not be greater than ten (10) years from the date it was granted.

(c) An option by its terms, shall not be transferable otherwise than by will or the laws of descent and distribution and may be exercisable, during the lifetime of the option holder, only by the individual to whom the option is granted. Notwithstanding the above, if an employee is determined to be incompetent by a court of proper jurisdiction, his or her legal representative may exercise the option on his or her behalf.

(d) Not used.

(e) Options under the Plan may be exercised by a participant regardless of whether she is employed by the Company or an Affiliate at the time of exercise.

(f) Upon the termination of a participant's employment (defined as the date the participant is not longer employed by either the Company or any of its Affiliates), his or her rights to exercise an option then held by him or her shall be only as follows:

(i) If a participant's employment is terminated for any reason other than death of the participant, she may, within not less than three (3) months following such termination, or with such longer period as the Board may fix, exercise the option to the extent such option was exercisable by the participant on the date of termination of his employment, or to the extent otherwise specified by the Board, which may so specify at a time that is subsequent to the date of the termination of his employment, provided, the date of exercise is in no event after the expiration of the term of the option. However, if the participant's employment is terminated due to the Disability (within the meaning of Section 22(e) of the Code) of the participant, then this paragraph 6(f)(i) shall apply to such participant by substituting twelve (12) for three (3) months.

(ii) If a participant's employment is terminated by death, his estate shall have the right for a period of not less than twelve (12) months following the date of death, or for such longer period as the Board may fix, to exercise the option to the extent the participant was entitled to exercise such option on the date of death, or to the extent otherwise specified by the Board, which may so specify, at a time that is subsequent to the date of the death, provided the actual date of exercise is in no event after the expiration of the term of the option. A participant's estate shall mean his legal representative or any person who acquires the right to exercise an option by reason of the participant's death.

(g) Option may also contain such other provisions, which shall not be inconsistent with any of the foregoing term, as the Board shall deem appropriate. No option, however, nor anything contained in the Plan, shall confer upon any employee any right to continue in the employ of the Company (or Affiliate) nor limit in any way the right of the Company (or Affiliate) to terminate his or her employment at any time.

(h) Subject to any required action by the Company's shareholders, if upon the consummation of any merger or consolidation, the shareholders of the Company as constituted immediately prior to such merger or consolidation hold more than 50% of the total outstanding voting stock of the surviving or acquired entity immediately after such merger or consolidation, each outstanding option shall pertain and apply to the securities to which a holder of the number of shares subject to the option would have been entitled, provided, the excess of the aggregate fair market value of the shares subject to the option immediately after such merger or consolidation over the aggregate option price of such shares is not more than the excess of the aggregate fair market value of all shares subject to the option immediately before such merger and consolidation over the aggregate option price of such shares. Upon the consummation of a dissolution or liquidation of the Company or a merger or consolidation in which the Company's shareholders as constituted immediately prior to the merger or consolidation hold less than 50%

of the total outstanding voting stock of the survived or acquired entity immediately after such merger or consolidation, each outstanding option shall terminate, unless the surviving or acquired corporation in the case of the merger or consolidation assumes outstanding options or replaces them with substitute options and (i) the excess of the aggregate fair market value of the shares subject to the option immediately after the substitution or assumption over the aggregate option price of such shares is not more than the excess of the aggregate fair market value of all shares subject to the option immediately before such substitution or assumption over the aggregate option price of such shares; and (ii) the new option or the assumption of the old option does not give the employee additional benefits which she did not have under the old option.

7. Payments Upon Exercise.

(a) The purchase price of stock sold pursuant to an option shall be paid in such consideration permitted by the applicable option agreement evidencing such option.

(b) The Company may make loans or guarantee loans made by an appropriate financial institution to individual optionees, including officers, on such terms as may be approved by the Board for the purpose of financing the exercise of options granted under the Plan and the payment of any taxes that may be due by such exercise.

(c) Where the Company has or will have a legal obligation to withhold taxes relating to the exercise of any stock option, such option may not be exercised, in whole or in part, unless such tax obligation is first satisfied in a manner satisfactory to the Company.

8. Use of Proceeds from Stock. Proceeds from the sale of stock pursuant to options granted under the Plan shall be used for general corporate purposes.

9. Stock Transfer Restrictions; Repurchase Provisions. Stock issued pursuant to the exercise of options granted under the Plan shall be subject to those stock transfer restrictions and repurchase provisions which shall be set forth in a Stock Option Agreement (the "Agreement"), substantially in the form attached hereto as Exhibit A. Each individual shall be required to execute such agreement prior to receiving his or her shares.

10. Adjustments of and Changes in the Stock. Subject to the provisions set forth in subsection 6(h), above, in the event the shares of Common Stock of the Company, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise), or if the number of shares of Common Stock of the Company shall be increased through the payment of a stock dividend, then there shall be substituted for or added to each share of Common Stock of the Company theretofore appropriated or thereafter subject or which may become subject to an option under the Plan, the number and kind of shares of stock or other securities into which each such outstanding share of Common Stock of the Company shall be so changed, or for which each such share shall be exchanged or to which each such share shall be entitled, as the case may be.

Outstanding options shall also be amended as to price and other terms if necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding shares of Common Stock of the Company, or of any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, then if the Board of Directors shall, in its sole discretion, determine that such change equitably requires an adjustment in any option theretofore granted or which may be granted under the Plan, such adjustment shall be made in accordance with such determination. No right to purchase fractional shares shall result from any adjustment in options pursuant to this Section 10. In case of any such adjustment, the shares subject to the option shall be rounded down to the nearest whole share. Notice of any adjustment shall be given by the Company to each holder of an option which shall be so adjusted and such adjustment (whether or not notice is given) shall be effective and binding for all purposes of the Plan.

11. Amendment of the Plan. The Board at any time and from time to time, may amend the Plan, subject to the limitation, however, that except as provided in Section 10 (relating to adjustments upon changes in stock), no amendment shall be effective, unless approved, within twelve (12) months before or after the date of such amendment's adoption, by the vote or written consent of a majority of the outstanding shares of the Company entitled to vote, where such amendment will:

- (b) increase the number of shares reserved for options under the Plan;
- (c) materially modify the requirements of Section 5 as to eligibility for participation in the Plan; or
- (d) materially increase the benefits accorded to participant under the Plan.

Rights and obligations under any option granted before any amendment of the Plan shall not be altered or impaired by amendment of the Plan, except with the consent, which may be obtained in any manner deemed by the Board to be appropriate, of the person to whom the option was granted.

12. Termination or Suspension of the Plan. The Board at any time may suspend or terminate the Plan. The Plan, unless sooner terminated, shall terminate at the end of ten (10) years from the date the Plan is adopted by the Board or approved by the stockholders of the Company, whichever is earlier. An option may not be granted under the Plan while the Plan is suspended or after it is terminated.

Rights and obligations under any option granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except with the consent of the person to whom the option was granted, which may be obtained in any manner that the Board deems appropriate.

13. Time of Granting Options. The date of an option hereunder shall, for all purposes, be the date on which the Board (or committee under authority of the Board) makes the determination granting such option.

14. Listing, Qualification or Approval of Stock; Approval of Options. All options granted under the Plan are subject to the requirement that if at any time the Board shall determine in its discretion that listing or qualification of the shares of the stock subject thereto on any securities exchange or under any applicable law, or the consent or approval by any governmental regulatory body or the shareholders of the Company, is necessary or desirable as a condition of or in connection with the issuance of shares under the option, the option may not be exercised in whole or in part, unless such listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board.

15. Binding Effect of the Conditions. The conditions and stipulations hereinabove contained or in any option granted pursuant to the Plan shall be and constitute a covenant running with all of the shares of the Company owned by the participant at any time, directly or indirectly whether the same have been issued or not, and those shares of the Company owned by the participant shall not be sold, assigned or transferred by any person save and except in accordance with the terms and conditions herein provided, and the participant shall agree to use his best efforts to cause the officers of the Company to refuse to record on the books of the Company any assignment or transfer made or attempted to be made, except as provided in the Plan and to cause said officers to refuse to cancel old certificates or to issue or deliver new certificates therefor where the purchaser or assignee has acquired certificates for the stock represented thereby, except strictly in accordance with the provisions of this Plan.

16. Effective Date of Plan. The Plan shall become effective as determined by the Board but no options granted under it shall be exercisable until the Plan has been approved by the vote or written consent of the holders of a majority of the outstanding shares of the Company entitled to vote. If such shareholders approval is not obtained within twelve (12) months before or after the date of the Board's adoption of the Plan, then all options previously granted under the Plan shall terminate, and no further options shall be granted and no shares shall be issued. Subject to such limitation, the Board may grant options under the Plan at any time after the effective date and before the date fixed herein for termination of the Plan.

17. Gender. The use of any gender specific pronoun or similar term is intended to be without legal significance as to gender.

LATTICE SEMICONDUCTOR CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
(As Amended and Restated Effective May 7, 2002)

ARTICLE I

PURPOSE

The purpose of the Lattice Semiconductor Corporation Employee Stock Purchase Plan (the "Plan") is to provide a convenient and practical means by which employees of Lattice Semiconductor Corporation (the "Corporation") and the employees of any Participating Subsidiary (as hereinafter defined) may acquire stock of the Corporation. The Corporation believes that ownership of its stock by employees will mutually benefit the employees and the Corporation by creating a greater community of interest between the Corporation's stockholders and its employees. The Corporation intends that the Plan shall constitute an "employee stock purchase plan" within the meaning of Section 423 of the Code (as hereinafter defined).

ARTICLE II

DEFINITIONS

The following terms, when capitalized, shall have the meaning specified below unless the context clearly indicates to the contrary.

II.1 **Account** shall mean each separate account maintained for a Participant under the Plan, collectively or singly as the context requires. Each Account shall be credited with a Participant's contributions, and shall be charged for the purchase of Shares. A Participant shall be fully Vested in the cash contributions to his or her Account at all times. The Plan Administrator may create special types of accounts for administrative reasons, even though the Accounts are not expressly authorized by the Plan.

II.2 **Board of Directors** shall mean the Board of Directors of the Corporation.

II.3 **Code** shall mean the Internal Revenue Code of 1986, as amended from time to time.

II.4 **Committee** shall mean the Committee appointed by the Board of Directors in accordance with Section 8.1 of the Plan, if such a Committee be appointed.

II.5 **Compensation** shall mean the total cash compensation paid to an Employee as base salary in the period in question for the services rendered to the Employer by the Employee while a Participant. Compensation shall include the earnings waived by an Employee pursuant to a salary

reduction arrangement under any cash or deferred compensation plan that is maintained by the Employer and that is intended to be qualified under Section 401(k) or Section 125 of the Code, but shall not include earnings that are not part of the Employee's base salary such as overtime pay, severance pay, hiring or relocation bonuses, or pay in lieu of vacations or sick leave.

II.6 **Common Stock** shall mean the common stock, \$.01 par value of the Corporation.

II.7 **Corporation** shall mean Lattice Semiconductor Corporation, a Delaware Corporation.

II.8 **Disability** shall mean a total and permanent disability as defined in Section 22(e)(3) of the Code.

II.9 **Employee** shall mean an individual who renders services to his or her Employer pursuant to a regular-status employment relationship with such Employer. A person rendering services to an Employer purportedly as an independent consultant or contractor shall not be an Employee for purposes of the Plan.

II.10 **Employer** shall mean, collectively, the Corporation and any Participating Subsidiary, or any successor entity that continues the Plan, or all such entities collectively. All Employees of entities that constitute the Employer shall be treated as employed by a single company for all Plan purposes. In contexts in which actions are required or permitted to be taken or notices to be given, the Employer shall mean the Corporation or any successor corporation.

II.11 **Employment** shall mean the period during which an individual is an Employee. Employment shall commence on the day the individual first performs services for the Employer as an Employee and shall terminate on the day such services cease, except as determined under Article X.

II.12 **Enrollment Date** shall mean the first day of each Offering Period.

II.13 **Offering** shall mean the offering of Shares pursuant to the Plan during an Offering Period.

II.14 **Offering Period** shall mean any one of the separate 6-month periods commencing on January 1 and July 1 of each calendar year; provided, however that the first Offering Period shall commence on the date set by the Plan Administrator as the Enrollment Date for the first Offering and shall continue through the earlier of the next succeeding June 30 or December 31, at which time such Offering shall terminate.

II.15 **Participant** shall mean any Employee who is participating in any Offering under the Plan pursuant to Article III.

II.16 **Participating Subsidiary** shall mean a Subsidiary that is designated by the Board of Directors of the Company as a participating employer in the Plan.

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II.17 **Payroll Deduction Authorization Form** shall mean the form provided by the Corporation on which a Participant shall elect to participate in the Plan and designate the amount or percentage of his or her Compensation to be contributed to his or her Account through payroll deductions.

II.18 **Plan** shall mean this document.

II.19 **Plan Administrator** shall mean the Board of Directors or the Committee, whichever shall be administering the Plan from time to time in the discretion of the Board of Directors, as described in Article VIII.

II.20 **Purchase Date** shall mean the last day of any Offering Period.

II.21 **Retirement** shall mean a Participant's termination of Employment on or after attaining the age of 65 or after the Plan Administrator has determined that a Disability has occurred with respect to the Participant.

II.22 **Share** shall mean one share of Common Stock.

II.23 **Subsidiary** shall mean any corporation at least fifty percent (50%) or more of the total combined voting power of all classes of stock of which is owned or controlled directly or indirectly by the Corporation or one or more of such Subsidiaries or both.

II.24 **Valuation Date** shall mean the date upon which the fair market value of Shares is to be determined for purposes of setting the price of Shares under Section 5.2 (that is, the Enrollment Date or the applicable Purchase Date). If the Enrollment Date is not a date on which the fair market value may be determined in accordance with Section 5.3, the Valuation Date shall be the first day after the Enrollment Date for which such fair market value may be determined. If the Purchase Date is not a date on which the fair market value may be determined in accordance with Section 5.3, the Valuation Date shall be the first date prior to the Purchase Date on which such fair market value may be determined.

II.25 **Vested** shall mean non-forfeitable.

ARTICLE III

EMPLOYEE PARTICIPATION

III.1 **Participation.** An Employee who meets the requirements of Section 3.2 below may elect to participate in the Plan, effective as of any future Enrollment Date, by completing and filing a Payroll Deduction Authorization Form as provided in Section 4.1. As of each Enrollment Date until the supply of Shares reserved under the Plan is exhausted, the Corporation hereby grants a right to

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purchase Shares under the terms of the Plan to each eligible Employee who has elected to participate in the Offering commencing on that Enrollment Date, in the amount, and on the terms provided in Article V.

III.2 Requirements for Participation

(a) An Employee shall become eligible to participate in the Plan on the first Enrollment Date on which he or she first meets all of the following requirements:

(i) The Employee is employed by the Employer on the Enrollment Date for that offering and has been continuously employed by the Employer for a period of six months prior to the Enrollment Date;

(ii) The Employee's customary period of Employment is for more than twenty (20) hours per week; and

(iii) The Employee's customary period of Employment is for more than five (5) months in any calendar year.

(b) Absent withdrawal from the Plan pursuant to Section 6.3, a Participant who has elected to participate in the Plan by completing and filing a Payroll Deduction Authorization Form with respect to an Offering Period will automatically be re-enrolled in the Plan on the next Enrollment Date immediately following the expiration of the Offering of which he or she is then a Participant, and the terms of the Payroll Deduction Authorization Form then on file with the Corporation shall remain applicable for the subsequent Offering Period until modified in accordance with Section 4.5.

(c) A Participant shall become ineligible to participate in the Plan and shall cease to be a Participant when any of the following occurs:

(i) the entity of which the Participant is an Employee ceases to be an Employer as defined in Section 2.10; or

(ii) the Participant ceases to meet the eligibility requirements of Section 3.2(a).

The payroll deductions credited to the Account of any Participant who becomes ineligible during an Offering Period shall be returned to the Participant, and the ineligible Participant shall have no right to purchase Shares at the next Purchase Date.

III.3 Limitations on Participation

(a) No Employee may obtain a right to purchase Shares under the Plan if, immediately after such right is granted, the Employee owns or is deemed to own Shares possessing

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five percent (5%) or more of the combined voting power or value of all classes of stock of the Corporation or any parent or Subsidiary of the Corporation. For purposes of determining share ownership, the rules of Section 424(d) of the Code shall apply and Shares that the Employee may purchase under any options or rights to purchase, whether or not Vested, shall be treated as Shares owned by the Employee.

(b) No Employee may obtain a right to purchase Shares under the Plan that permits the Employee's rights to purchase Shares under the Plan and any other employee stock purchase plan of the Corporation or any parent or Subsidiary of the Corporation to which Section 423 of the Code applies to accrue at a rate that exceeds \$25,000 in fair market value of Shares (determined as of the Enrollment Date) for each calendar year in which such rights to purchase Shares are outstanding. For this purpose, the right to purchase Shares accrues on the Purchase Date of an Offering Period. This section shall be interpreted to permit an Employee to purchase the maximum number of Shares permitted under Section 423(b)(8) of the Code and regulations and interpretations adopted thereunder.

III.4 **Voluntary Participation.** Participation in the Plan shall be voluntary.

ARTICLE IV

PAYROLL DEDUCTIONS

IV.1 **Payroll Deduction Authorization.** An Employee may contribute to the Plan only by means of payroll deduction. A Payroll Deduction Authorization Form must be filed with the enrolling individual's payroll office not less than 15 days prior to the Enrollment Date as of which the payroll deductions are to take effect.

IV.2 **Amount of Deductions.** A Participant may specify that he or she desires to make contributions to the Plan at a rate not less than \$10.00 and not more than ten percent (10%) of the Participant's Compensation during each pay period in the Offering Period, or such other minimum or maximum percentages as the Plan Administrator shall establish from time to time. Such specification shall apply during any period of continuous participation in the Plan, unless modified or terminated as provided in Section 4.5 or as otherwise provided in the Plan. If a payroll deduction cannot be made in whole or in part because the Participant's pay for the period in question is insufficient to fund the deduction after having first withheld all the amounts otherwise deductible from his or her pay, the amount that was not withheld cannot be made up by the Participant nor will it be withheld from subsequent paychecks. If payroll deductions are made by a Participating Subsidiary, that corporation will promptly remit the amount of the deduction to the Corporation.

IV.3 **Commencement of Deductions.** Payroll deductions for a Participant shall commence with the first paycheck following the Enrollment Date of the Offering for which his or her Payroll Deduction Authorization Form is effective and shall continue indefinitely, unless modified or terminated as provided in Section 4.5 or as otherwise provided in the Plan.

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IV.4 **Accounts.** All payroll deductions made for a Participant shall be credited to his or her Account under the Plan. Following each Purchase Date, the Plan Administrator shall promptly deliver a report to each Participant setting forth the aggregate payroll deductions credited to such Participant's Account during the preceding six months and the number of Shares purchased.

IV.5 **Modification of Authorized Deductions.**

(a) Participant may, prior to the commencement of each Offering Period in which he or she will be a Participant, increase or reduce the amount of his or her payroll deduction, effective for all subsequent payroll periods, by completing an amended Payroll Deduction Authorization Form and filing it with his or her payroll office in accordance with Section 4.1; provided, however that no modification in a Participant's payroll deduction shall cause such Participant's contribution to be less than \$10.00 or more than ten percent (10%) of such Participant's compensation during any pay period.

(b) A Participant may at any time discontinue his or her payroll deductions by completing an amended Payroll Deduction Authorization Form and filing it with his or her payroll office, after which the Participant's participation in the Offering will terminate without automatic re-enrollment under Section 3.2(b), and the payroll deductions credited to such Participant's account shall be returned to the Participant.

(c) For purposes of this Section 4.5, an amended Payroll Deduction Authorization Form shall be effective for a specific pay period when filed at least 15 days prior to the last day of such period.

ARTICLE V

PURCHASES OF SHARES

V.1 **Purchase of Shares.** Subject to the limitations of Article VI, on each Purchase Date in an Offering Period the Corporation shall apply the amount credited to each Participant's Account to the purchase of as many full Shares that may be purchased with such amount at the price set forth in Section 5.2, and shall issue such Shares to the Participant. Payment for shares purchased under the Plan will be made only through payroll withholding in accordance with Article IV.

V.2 **Price.** The price of Shares to be purchased under Section 5.1 on any Purchase Date shall be the lower of:

(a) Eighty-five percent (85%) of the fair market value of the shares on the Enrollment Date of the Offering; or

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(b) Eighty-five percent (85%) of the fair market value of the Shares on the Purchase Date of the Offering, provided that in no event shall the price be less than the book value per share of the Shares on the Purchase Date. For this purpose, the book value per share shall equal the aggregate book value of the Corporation on a consolidated basis (total assets minus total liabilities) at the end of the Company's fiscal quarter that is at the midpoint of the Offering Period, divided by the total number of shares of Common Stock (or common stock equivalents) outstanding at the end of the Company's fiscal quarter ended immediately prior to the Purchase Date.

V.3 **Fair Market Value.**

(a) The fair market value of the Shares on any date shall be equal to the closing price of such shares on the Valuation Date, as reported on the NASDAQ National Market System or such other quotation system that supersedes it.

(b) If prices for the Shares are not publicly quoted, the fair market value of the Shares shall be determined by the Plan Administrator in good faith. Such determination shall be conclusive and binding on all persons.

V.4 **Unused Contributions.** Any amount credited to a Participant's Account and remaining therein immediately after a Purchase Date because it was less than the amount required to purchase a full Share shall be carried forward in such Participant's Account for application on the next succeeding Purchase Date. No interest will be paid on the amounts accumulated.

V.5 **Delivery and Custody of Shares.** Shares purchased by Employees pursuant to the Plan shall be delivered to the Employee or to an investment or financial firm appointed by the Plan Administrator to act as custodian on behalf of the Employee.

ARTICLE VI

TERMINATION AND WITHDRAWAL

VI.1 **Termination of Employment.** Upon termination of a Participant's Employment for any reason other than as set forth in Section 6.2, the payroll deductions credited to such Participant's Account shall be returned to the Participant. A Participant shall have no right to acquire Shares on any Purchase Date subsequent to termination of his or her Employment.

VI.2 **Termination upon Death, Retirement or Disability.** Upon termination of the Participant's Employment because of his or her Death, Retirement or Disability, the payroll deductions credited to his or her Account shall be used to purchase Shares as provided in Article V on the next Purchase Date; provided that the next Purchase Date occurs within three (3) months of the date of termination. Any remaining balance in the participant's Account shall be returned to him or her or, in the case of death, any Shares purchased and any remaining balance shall be transferred to the deceased Participant's estate.

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VI.3 **Withdrawal.** A Participant may withdraw the entire amount credited to his or her Account under the Plan and thereby terminate participation in the current Offering at any time by giving written notice to the Corporation, but in no case may a Participant withdraw amounts within the 15 days immediately preceding a Purchase Date for that Offering. Any amount withdrawn shall be paid to the Participant promptly after receipt of proper notice of withdrawal. If a participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the next Offering Period, unless the participant delivers to the Company a new Payroll Deduction Authorization Form.

ARTICLE VII

SHARES PURCHASED UNDER THE PLAN

VII.1 **Source and Limitation of Shares.**

(a) The Corporation has reserved for sale under the Plan 3,700,000 shares of its Common Stock, subject to adjustment upon changes in capitalization of the Corporation as provided in Section 9.2. Shares sold under the Plan may be newly issued shares or shares reacquired in private transactions or open market purchases, but all shares sold under the Plan regardless of source shall be counted against the 3,700,000 Share limitation.

(b) If there is an insufficient number of Shares to permit the full exercise of all existing rights to purchase Shares, or if the legal obligations of the Corporation prohibit the issuance of all Shares purchasable upon the full exercise of such rights, the Plan Administrator shall make a pro rata allocation of the Shares remaining available in as nearly a uniform and equitable manner as possible, based pro rata on the aggregate amounts then credited to each Participant's Account. In such event, payroll deductions to be made shall be reduced accordingly and the Plan Administrator shall give written notice of such reduction to each Participant affected thereby. Any amount remaining in a Participant's Account immediately after all available Shares have been purchased will be promptly remitted to such Participant. Determination by the Plan Administrator in this regard shall be final, binding and conclusive on all persons. No payroll deductions shall be permitted under the Plan at any time when no Shares are available.

VII.2 **Delivery of Shares.** The rights to purchase Shares granted pursuant to this Plan will in all respects be subject to the terms and conditions of the Plan, as interpreted by the Plan Administrator from time to time. The Participant shall have no interest in Shares purchasable under the Plan until payment for the Shares has been completed at the close of business on the relevant Purchase Date. The Plan provides only an unfunded, unsecured promise

by the Employer to pay money or property in the future. Except with respect to the Shares purchased on a Purchase Date, an Employee choosing to participate in the Plan shall have no greater rights than an unsecured creditor of the Corporation. After the purchase of the Shares, the Participant shall be entitled to all rights of a stockholder of the Corporation.

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ARTICLE VIII

ADMINISTRATION

VIII.1 **Plan Administrator.** At the discretion of the Board of Directors, the Plan shall be administered by the Board of Directors or by a Committee appointed by the Board of Directors in accordance with all applicable laws, rules and regulations. Each member of the Committee shall be a director, an officer or an Employee of the Corporation. Each member shall serve for a term commencing on a date specified by the Board of Directors and continuing until he or she dies, resigns or is removed from office by the Board of Directors. No members shall receive any compensation for serving as a member of the Committee.

VIII.2 **Powers.** The Plan Administrator shall be vested with full authority to make, administer and interpret all rules and regulations as it deems necessary to administer the Plan. Any determination, decision or act of the Plan Administrator with respect to any action in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding upon all Participants and any and all other persons claiming under or through any Participant. The provisions of the Plan shall be construed in a manner consistent with the requirements of Section 423 of the Code.

ARTICLE IX

CHANGES IN CAPITALIZATION, MERGER, ETC.

IX.1 **Rights of the Corporation.** The grant of a right to purchase Shares pursuant to this Plan shall not affect in any way the right or power of the Corporation to make adjustments, reclassification, reorganizations or other changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or transfer all or any part of its divisions, subsidiaries, business or assets.

IX.2 **Recapitalization.** Subject to any required action by the stockholders, the number of Shares covered by the Plan as provided in Section 7.1 and the price per Share shall be proportionately adjusted for any increase or decrease in the number of issued Shares of the Corporation resulting from a subdivision or consolidation of Shares or the payment of a stock dividend (but only on the Shares). The determination of whether an adjustment shall be made and the manner of any adjustment shall be made by the Plan Administrator without any further approval from the stockholders, which determination shall be conclusive.

IX.3 **Consolidation or Merger.** In the event of the consolidation or merger of the Corporation with or into any other business entity, or the sale by the Corporation of substantially all of its assets, the successor may continue the Plan by adopting the same by resolution of its board of directors or agreement of its partners or proprietors. If, within 90 days after the effective date of a

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consolidation, merger or sale of assets, the successor corporation, partnership or proprietorship does not adopt the Plan, the Plan shall be terminated in accordance with Section 12.1.

ARTICLE X

TERMINATION OF EMPLOYMENT

For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick-leave or other leave of absence approved by the Corporation. Where the period of leave exceeds ninety (90) days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the ninety-first (91st) day of such leave.

ARTICLE XI

STOCKHOLDER APPROVAL AND RULINGS

The Plan is expressly made subject (a) to the affirmative vote of the holders of a majority of the outstanding shares of the Corporation present in person or by proxy at a meeting of stockholders within 12 months after the date the Plan is adopted and (b) at the Corporation's election, to the receipt by the Corporation from the Internal Revenue Service of a ruling in scope and content satisfactory to counsel to the Corporation, affirming the qualification of the Plan within the meaning of Section 423 of the Code. If the Plan is not so approved by the stockholders within 12 months after the date the Plan is adopted and if, at the election of the Corporation a ruling from the Internal Revenue Service is sought but is not received on or before one year after the Plan's adoption by the Board of Directors, the Plan shall not come into effect. In that case, the Account of each Participant shall forthwith be paid to the Participant.

ARTICLE XII

MISCELLANEOUS PROVISIONS

XII.1 **Amendment and Termination of the Plan.**

(a) The Board of Directors of the Corporation may at any time amend the Plan. Except as otherwise provided herein, no amendment may adversely affect or change any right to purchase Shares previously granted to any Participant. No amendment shall be made without prior approval of the stockholders of the Corporation if the amendment would:

- (i) Permit the sale of more Shares than are authorized under Section 7.1;
- (ii) Permit the sale of Shares to employees of entities which are not Employers as defined in Section 2.10;

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(iii) Materially increase the benefits accruing to individuals subject to Section 16 of the Securities Exchange Act of 1934, as amended, under the Plan; or

- (iv) Modify the requirements as to eligibility for participation in the Plan.

(b) The Plan is intended to be a permanent program, but an Employer shall have the right at any time to declare the Plan terminated completely as to the Employer. Upon such termination, amounts credited to the Accounts of Participants with respect to whom the Plan has been terminated shall be returned to such Participants.

XII.2 Non-Transferability. Neither payroll deductions credited to a Participant's Account nor any rights with regard to the purchase of Shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way by the Participant except as provided in Section 6.2, and any attempted assignment, transfer, pledge, or other disposition shall be null and void. The Corporation may treat any such act as an election to withdraw funds in accordance with Section 6.3.

XII.3 Use of Funds. All payroll deductions received or held by the Corporation under the Plan may be used by the Corporation for any corporate purposes and the Corporation shall not be obligated to segregate the payroll deductions.

XII.4 Expenses. All expenses of administering the Plan shall be borne by the Corporation and its Participating Subsidiaries.

XII.5 No Interest. No Participant shall be entitled, at any time, to any payment or credit for interest with respect to or on the payroll deductions contemplated herein, or on any other assets held hereunder for the Participant's Account.

XII.6 Registration and Qualification of Shares. The Offering of the Shares hereunder shall be subject to the effecting by the Corporation of any registration or qualification of the Shares under any federal or state law or the obtaining of the consent or approval of any governmental regulatory body which the Corporation shall determine, in its sole discretion, is necessary or desirable as a condition to, or in connection with, the offering or the issue or purchase of the Shares covered thereby. The Corporation shall make every reasonable effort to effect such registration or qualification or to obtain such consent or approval.

XII.7 Plan Not a Contract of Employment. The Plan is strictly a voluntary undertaking on the part of the Employer and shall not constitute a contract between the Employer and any Employee, or consideration for an inducement or a condition of the employment of an Employee. Except as otherwise required by law, nothing contained in the Plan shall give any Employee the right to be retained in the service of the Employer or to interfere with or restrict the right of the Employer, which is hereby expressly reserved, to discharge or retire any Employee at any time, with or without cause and with or without notice. Except as otherwise required by law, inclusion under the Plan will not give any Employee any right or claim to any benefit hereunder except to the extent such right has

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specifically become fixed under the terms of the Plan. The doctrine of substantial performance shall have no application to any Employee or Participant. Each condition and provision, including numerical items, has been carefully considered and constitutes the minimum limit on performance that will give rise to the applicable right.

XII.8 Service of Process. The Secretary of the Corporation is hereby designated agent for service of legal process on the Plan.

XII.9 Notice. All notices or other communications by a Participant to the Corporation under or in connection with the Plan shall be deemed to have been duly given when received by the Plan Administrator. Any notice required by the Plan to be received by the Corporation prior to an Enrollment Date, payroll period or other specified date, and received by the Plan Administrator subsequent to such date shall be effective on the next occurring Enrollment Date, payroll period or other specified date to which such notice applies.

XII.10 Governing Law. The Plan shall be interpreted, administered and enforced in accordance with the Code, and the rights of Participants, former Participants, and all other persons shall be determined in accordance with it. To the extent that state law is applicable, however the laws of the State of Oregon shall apply.

XII.11 Plurals. Where the context so indicates, the singular shall include the plural and vice versa.

XII.12 Titles. Titles of Articles and Sections are provided herein for convenience only and are not to serve as the basis for interpretation or construction of the Plan.

XII.13 References. Unless the context clearly indicates to the contrary, reference to a Plan provision, statute, regulation or document shall be construed as referring to any subsequently enacted, adopted or executed counterpart.

XII.14 **Responsibility.** Neither the Corporation, its Board of Directors, any Participating Subsidiary, nor any officer or employee of any of them shall be liable to any Employee under the Plan for any mistake of judgment or for any omission or wrongful act unless resulting from willful misconduct or intentional misfeasance.

[WILSON SONSINI GOODRICH & ROSATI LETTERHEAD]

September 6, 2002

Lattice Semiconductor Corporation
5555 N.E. Moore Court
Hillsboro, Oregon 97124-6421

Re: Registration Statement on Form S-8

Ladies and Gentlemen:

We have examined the Registration Statement on Form S-8 to be filed by you with the Securities and Exchange Commission on or about September 6, 2002 (the "Registration Statement") in connection with the registration under the Securities Act of 1933, as amended (the "Act"), of an aggregate of 1,119,416 shares (the "Shares") of your Common Stock reserved for issuance pursuant to the Octillion Communications, Inc. 2001 Stock Option Plan (the "Octillion Plan"), the Cerdelinx Technologies, Inc. Special 2002 Stock Option Plan (together with the Octillion Plan, the "Assumed Plans"), and the Lattice Semiconductor Corporation Employee Stock Purchase Plan (together with the Assumed Plans, the "Plans"). You assumed the outstanding options under the Assumed Plans in connection with your acquisition of Cerdelinx Technologies, Inc., a California corporation (the "Company"), pursuant to an Agreement and Plan of Reorganization, dated as of July 15, 2002, among you, Octopus Acquisition Corporation, the Company and certain other parties, as amended by the First Amendment to the Agreement and Plan of Reorganization, dated as of July 24, 2002. As your counsel, we have examined the proceedings taken and are familiar with the proceedings proposed to be taken by you in connection with the issuance of the Shares under the Plans.

It is our opinion that, upon completion of the actions being taken, or contemplated by us as your counsel to be taken by you prior to the issuance of the Shares pursuant to the Registration Statement and the Plans, and upon completion of the actions being taken in order to permit such transactions to be carried out in accordance with the securities laws of the various states where required, the Shares will be legally and validly issued, fully-paid and non-assessable.

We consent to the use of this opinion as an exhibit to the Registration Statement, and further consent to the use of our name wherever appearing in the Registration Statement and any amendments thereto.

Very truly yours,
WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

/s/ Wilson Sonsini Goodrich & Rosati

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated January 30, 2002 relating to the consolidated financial statements, which appears in the 2001 Annual Report to Shareholders of Lattice Semiconductor Corporation, which is incorporated by reference in Lattice Semiconductor Corporation's Annual Report on Form 10-K for the year ended December 31, 2001. We also consent to the incorporation by reference of our report dated January 30, 2002 relating to the financial statement schedule, which appears in such Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Portland, Oregon
September 5, 2002