

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

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

April 23, 2004  
Date of Report (Date of earliest event reported)

LATTICE SEMICONDUCTOR CORPORATION

Exact name of registrant as specified in its charter)

Delaware

000-18032

93-0835214

(State or other jurisdiction (Commission File Number)  
of Employer incorporation)

(I.R.S.

Identification No.)

5555 NE Moore Court

Hillsboro, OR 97124-6421

(Address of principal executive offices)

(503) 268-8000

(Registrant's telephone  
number, including area code)

Item 7. Exhibits.

(c) Exhibits:

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

Exhibit No.	Description
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99.1	Press Release of Lattice Semiconductor Corporation, dated April 22, 2004
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Item 9. Regulation FD Disclosure and Disclosure of Results of Operations and  
Financial Condition (Item 12)\*

The following information and exhibit relating thereto are furnished pursuant  
to Items 9 and 12 of this Current Report on Form 8-K: On April 22, 2004,  
Lattice Semiconductor Corporation (the "Company") issued a press release  
announcing the Company's financial results for the fiscal quarter ended  
March 31, 2004. A copy of the press release is attached hereto as Exhibit 99.1.

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

EXHIBIT INDEX

Exhibit No.    Description  
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99.1            Press Release of Lattice Semiconductor Corporation, dated  
                  April 22, 2004.

SIGNATURE

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

LATTICE SEMICONDUCTOR CORPORATION

Date: April 23, 2004

By: /s/ Jan Johannessen

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Name: Jan Johannessen

Title: Chief Financial Officer

## Lattice Semiconductor Reports First Quarter Financial Results

HILLSBORO, Ore.--(BUSINESS WIRE)--April 22, 2004--Lattice Semiconductor Corporation (Nasdaq:LSCC) today announced financial results for the first quarter ended March 2004.

Revenue for the first quarter was \$59.1 million, an increase of 12 percent from last quarter's revenue of \$52.8 million and up three percent from the \$57.3 million reported in the same quarter a year ago.

Beginning this quarter, the Company will provide product revenue detail for only two categories: FPGA and PLD. PLD product revenue includes revenue from CPLD and SPLD products. Quarterly revenue from FPGA products was \$11.4 million, or 19 percent of total revenue, and grew 10 percent sequentially. Quarterly revenue from PLD products was \$47.7 million, or 81 percent of total revenue, and grew over 12 percent sequentially.

Net loss for the first quarter was \$16.5 million (\$0.15 per share). This loss includes \$18.7 million of charges for amortization of intangible assets. Excluding these charges, income for the quarter was \$2.1 million (\$0.02 per share). These non-cash charges have been highlighted here as they are not expected to continue at these levels beyond June 2004 and are currently expected to be eliminated in 2009. The Company believes exclusion of these charges more closely approximates its cash earnings performance. A reconciliation of non-GAAP income to GAAP loss accompanies the financial tables in this earnings release.

"During the first quarter, the programmable logic market experienced a strong recovery," stated Cyrus Y. Tsui, chairman and chief executive officer. "Due to these favorable conditions we posted very strong sequential quarterly revenue growth. However, these historically high growth rates are not sustainable going forward. During the ensuing year we will remain steadfastly focused on executing our product development strategy and introducing our next generation FPGA product families."

## Business Outlook - June 2004 Quarter:

- Revenue is expected to grow approximately 3 to 5 percent on a sequential basis;
- Gross margin percent is expected to be in the same range as the March 2004 quarter;
- Total operating expenses are expected to be approximately flat;
- Intangible asset amortization is expected to decrease by approximately \$1 million;
- Other Income is expected to be approximately \$3 million; and
- We do not anticipate reporting a tax provision.

On April 23, 2004, Lattice will hold a telephone conference call at 5:30 am (Pacific Time) with financial analysts. Investors may listen to our conference call live via the web at [www.lsc.com](http://www.lsc.com). Replays of the call will also be available at [www.lsc.com](http://www.lsc.com). On June 10, 2004, we plan to publish a "Business Update Statement" on our website. Our financial guidance will be limited to the comments on our public quarterly earnings call and these public business outlook statements. Additionally, during the June 2004 quarter, Lattice plans to participate in investor conferences sponsored by the JP Morgan and Smith Barney Citigroup. Specific presentation dates and times are posted on our website at [www.lsc.com](http://www.lsc.com).

The foregoing paragraphs contain forward-looking statements within the meaning of the federal securities laws including statements about future quarterly financial results, revenues, customers, product offerings and the Company's ability to compete. Investors are cautioned that actual events and results could differ materially from these statements as a result of a number of factors, including the possibility that further accounting adjustments may be required and the effectiveness of changes to the Company's internal controls, as well as overall semiconductor market conditions, market acceptance and demand for the Company's new products, the Company's dependencies on our silicon wafer suppliers, the impact of competitive products and pricing, technological and product development risks. The Company does not intend to update or revise any forward looking statements, whether as a result of events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Lattice Semiconductor Corporation, the inventor of in-system programmable (ISP(TM)) logic products, designs, develops and markets the broadest range of Field Programmable Gate Arrays (FPGA), Field Programmable System Chips (FPSCs) and high-performance ISP Programmable Logic Devices (PLDs), including Complex Programmable Logic Devices (CPLD), Programmable Analog Components (PAC), and Programmable Digital Interconnect (GDx). Lattice also offers industry leading SERDES products. Lattice offers total solutions for today's system designs by delivering the most innovative programmable silicon products that embody leading-edge system expertise.

Lattice products are sold worldwide through an extensive network of independent sales representatives and distributors, primarily to OEM customers in the communications, computing, industrial and military end markets. Company headquarters are located at 5555 N.E. Moore Court, Hillsboro, Oregon 97124 USA. For more information access our web site at [www.latticesemi.com](http://www.latticesemi.com).

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

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

Description	Three months ended		
	Mar. 31, 2004	Dec. 31, 2003	Mar. 31, 2003
Revenue	\$59,071	\$52,757	\$57,297
Costs and expenses:			
Costs of products sold	24,719	23,814	23,028
Research and development	22,259	22,385	21,832
Selling, general and administrative	13,087	13,562	12,483
Amortization of intangible assets (1)(2)	18,654	18,661	21,114
Total costs and expenses	78,719	78,422	78,457
Loss from operations	(19,648)	(25,665)	(21,160)
Other income, net	3,107	421	1,491
Loss before (benefit) provision for income taxes	(16,541)	(25,244)	(19,669)
(Benefit) provision for income taxes	--	--	--
Net loss	(\$16,541)	(\$25,244)	(\$19,669)
Basic net loss per share	(\$0.15)	(\$0.22)	(\$0.18)
Diluted net loss per share	(\$0.15)	(\$0.22)	(\$0.18)
Shares used in per share calculations:			
Basic	112,627	112,364	111,390
Diluted (3)	112,627	112,364	111,390

Notes:

(1) Intangible assets subject to amortization aggregate \$66.8 million, net, at March 31, 2004 and relate to the acquisition of Cerdelix Technologies, Inc. on August 26, 2002, the acquisition of the FPGA business of Agere Systems, Inc. on January 18, 2002, the acquisition of Vantis Corporation on June 16, 1999 and the acquisition of Integrated Intellectual Property Inc. on March 16, 2001. These intangible assets are amortized to expense generally over three to seven years on a straight-line basis.

(2) Includes \$0.8 million, \$0.8 million and \$3.3 million of deferred stock compensation expense for the quarters ended March 31, 2004, December 31, 2003 and March 31, 2003, respectively, attributable to

Research and Development activities.

(3) For all periods presented, the computation of diluted net loss per share excludes the effect of stock options and our convertible notes as they are antidilutive.

Lattice Semiconductor Corporation  
Consolidated Balance Sheet  
(in thousands)  
(unaudited)

Description	Mar. 31, 2004	Dec. 31, 2003
-----		
Assets		
Current assets:		
Cash and short-term investments	\$298,548	\$277,750
Accounts receivable, net	26,013	26,796
Inventories	44,312	46,630
Other current assets	57,575	51,537
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Total current assets	426,448	402,713
Property and equipment, net	51,313	53,800
Foundry investments, advances and other assets	74,293	86,883
Goodwill and other intangible assets, net (1)	290,384	308,232
	-----	-----
	\$842,438	\$851,628
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$31,729	\$28,500
Deferred income on sales to distributors	13,847	10,564
Income taxes payable	126	37
	-----	-----
Total current liabilities	45,702	39,101
Zero Coupon Convertible notes due in 2010	184,000	184,000
Other long-term liabilities	22,699	22,415
	-----	-----
	206,699	206,415
Stockholders' equity	590,037	606,112
	-----	-----
	\$842,438	\$851,628
	=====	=====

Note:

(1) At March 31, 2004, includes approximately \$8.5 million of other intangible assets, net, recorded in the September 2002 quarter in connection with the August 26, 2002 acquisition of Cerdelinx Technologies, Inc. Also includes \$142.5 million in Goodwill and \$47.7 million of other intangible assets, net, recorded in the March 2002 quarter in connection with the January 18, 2002 acquisition of the FPGA business of Agere Systems, Inc., and approximately \$81.1 million in Goodwill and \$10.6 million of other intangible assets, net, related to previous acquisitions. The other intangible assets will be amortized to expense generally over three to seven years. Goodwill is not amortized effective with the March 2002 quarter.

Appendix 1

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

Description	Three months ended		
	Mar. 31, 2004	Dec. 31, 2003	Mar. 31, 2003
-----			
Revenue	\$59,071	\$52,757	\$57,297
Costs and expenses:			
Costs of products sold	24,719	23,814	23,028
Research and development	22,259	22,385	21,832
Selling, general and administrative	13,087	13,562	12,483
	-----	-----	-----
Total costs and expenses	60,065	59,761	57,343

Loss from operations	(994)	(7,004)	(46)
Other income, net	3,107	421	1,491
Income (loss) before provision (benefit) for income taxes	2,113	(6,583)	1,445
Provision (benefit) for income taxes	--	--	--
Non-GAAP earnings (loss)	\$2,113	(\$6,583)	\$1,445
Diluted Non-GAAP earnings (loss) per share (2)	\$0.02	(\$0.06)	\$0.01
Shares used in calculations	117,795	112,364	113,098

Notes:

- (1) This table presents operating information which is consistent with the information reported by First Call, Reuters and Zacks for Lattice Semiconductor Corporation. A reconciliation to GAAP on a per share basis is attached as Appendix 2.
- (2) For the three months ended March 31, 2004 and March 31, 2003, the computation of diluted Non-GAAP earnings includes the effect of stock options but excludes the effect of our convertible notes as they are antidilutive. For the three months ended December 31, 2003, the computation of diluted Non-GAAP loss excludes the effect of both stock options and the effect of our convertible notes as they are antidilutive.

Appendix 2

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

Description	Three months ended		
	Mar. 31, 2004	Dec. 31, 2003	Mar. 31, 2003
Net loss	(\$0.15)	(\$0.22)	(\$0.18)
Add:			
Amortization of intangible assets	\$0.17	\$0.16	\$0.19
Non-GAAP income (loss)	\$0.02	(\$0.06)	\$0.01

Notes:

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

Appendix 3

LATTICE SEMICONDUCTOR CORPORATION  
- Supplemental Historic Financial Information -  
(Q1 2004)

Operations Information	Q104	Q403	Q103
Percent of Revenue			
Gross Margin	58.2%	54.9%	59.8%
R&D Expense	37.7%	42.4%	38.1%
SG&A Expense	22.2%	25.7%	21.8%
Operating Loss	-33.3%	-48.6%	-36.9%
Operating Loss (Non-GAAP)	-1.7%	-13.3%	-0.1%
Depreciation Expense (\$000)	4,498	4,598	4,742
Capital Expenditures (\$000)	2,022	1,808	3,211
Balance Sheet Information			
Current Ratio	9.3	10.3	7.2
A/R Days Revenue Outstanding	40	46	49

Inventory Months	5.4	5.9	6.7
Revenue % (by Product Family)			
FPGA	19%	20%	15%
CPLD	67%	67%	70%
SPLD	14%	13%	15%
Revenue % (by Product Classification(a))			
New	13%	14%	
Mainstream	43%	42%	
Mature	44%	44%	
Revenue % (by Geography)			
Americas	36%	36%	37%
Europe (incl. Africa)	24%	22%	31%
Asia (incl. ROW)	40%	42%	32%
Revenue % (by End Market)			
Communications	53%	51%	44%
Computing	19%	21%	21%
Other	28%	28%	35%
Revenue % (by Channel)			
Direct	58%	61%	55%
Distribution	42%	39%	45%

(a) Product Classification:

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

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

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

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