

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report: October 21, 2004
(Date of earliest event reported)

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

Delaware ----- (State of incorporation)	000-18032 ----- (Commission File Number)	93-0835214 ----- (IRS Employer Identification No.)
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5555 N.E. Moore Court, Hillsboro, Oregon ----- (Address of principal executive offices)	97124-6421 ----- (Zip Code)
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(503) 268-8000

(Registrant's telephone number, including area code)

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

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

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Attached hereto as Exhibit 99.1 and incorporated by reference herein is financial information for Lattice Semiconductor Corporation for the quarter ended October 2, 2004 and forward-looking statements relating to 2004 and the fourth quarter of 2004 as presented in a press release of October 21, 2004. The information in this report shall be deemed incorporated by reference into any registration statement heretofore or hereafter filed under the Securities Act of 1933, as amended, except to the extent that such information is superseded by information as of a subsequent date that is included in or incorporated by reference into such registration statement. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

LATTICE SEMICONDUCTOR CORPORATION
(Registrant)

Date: October 21, 2004

By: /s/ Jan Johannessen

Jan Johannessen
Chief Financial Officer

Lattice Semiconductor Reports Third Quarter Financial Results

HILLSBORO, Ore.--(BUSINESS WIRE)--Oct. 21, 2004--Lattice Semiconductor Corporation (NASDAQ:LSCC) today announced financial results for the third quarter ended September 2004.

Revenue for the third quarter was \$57.3 million, a decrease of six percent from last quarter's revenue of \$60.9 million, but up 33 percent from the \$43.0 million (restated) in revenue reported for the same quarter a year ago.

Quarterly revenue from PLD products was \$46.0 million, or 80 percent of total revenue, and declined eight percent sequentially. Quarterly revenue from FPGA products was \$11.3 million, or 20 percent of total revenue, and grew one percent sequentially. Quarterly revenue from New products, now 21 percent of total revenue, grew 22 percent sequentially and nearly doubled on a year over year basis

Net loss for the third quarter was \$6.3 million (\$0.06 per share). This loss includes a \$5.8 million charge for amortization of intangible assets. Excluding this charge, loss for the quarter was \$0.5 million (\$0.00 per share). This non-cash amortization charge has been highlighted as these charges are currently expected to be substantially eliminated in 2008. The Company believes exclusion of these charges more closely approximate its cash earnings performance. A reconciliation of non-GAAP income to GAAP loss accompanies the financial tables in this earnings release.

The business continues to generate significant cash from operations despite the GAAP losses. Last quarter the Company generated approximately \$7 million in cash from operations, which makes the year to-date operating cash flow approximately \$26 million.

"As expected, third quarter revenue declined as the semiconductor industry experienced a summer slowdown," stated Cyrus Y. Tsui, Chairman and Chief Executive Officer. "Unfortunately, we have yet to see an acceleration of orders in the current quarter and it now appears that general industry conditions have deteriorated when compared to the first half of 2004."

"On a positive note, last quarter we executed superbly on the roll-out of our recently announced LatticeEC(TM) and LatticeECP-DSP(TM) new FPGA families", continued Tsui. "We have released the initial two devices to volume production, secured our first design-ins and made our first customer shipments. This quarter we are on track to sample the remaining 10 devices, which when accomplished, will mark the fastest roll-out of a major new product family in our corporate history. Additionally, these innovative devices offer several unique features, previously unavailable from competitive low-cost, high-volume FPGAs. They are the only low-cost FPGAs to support 400 Mbps DDR memory interfaces, the only devices to provide a high performance, flexible DSP block and the only FPGA families to support industry standard, low-cost, boot PROMs. At this early stage, we are pleased with the initial market reception and are optimistic about the market potential for these new FPGA families."

Business Outlook -- December 2004 Quarter:

- Due to subdued industry conditions, quarterly revenue is expected to decline to between \$51 and \$53 million;
- Gross margin percentage is expected to be approximately flat;
- Total operating expenses are expected to be approximately flat;
- Intangible asset amortization is expected to be approximately \$5.8 million; and
- Other Income is expected to be approximately \$1 million.

On October 22, 2004, Lattice will hold a telephone conference call at 5:30 a.m. (Pacific time) with financial analysts. Investors may listen to our conference call live via the web at www.lsc.com. Replays of the call will also be available at www.lsc.com. On December 16, 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 December 2004 quarter, Lattice plans to participate in investor conferences sponsored by the American Electronics Association and Wells Fargo. Specific presentation dates and times are posted on our website at www.lsc.com.

The foregoing paragraphs contain forward-looking statements within the meaning of the federal securities laws including statements about

future quarterly financial results, revenues, customers, product offerings and 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, and 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.

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			Nine months ended	
	Sept. 30, 2004	June. 30, 2004	Sept. 30, 2003	Sept. 30, 2004	Sept. 30, 2003
Revenue	\$ 57,281	\$ 60,939	\$ 43,033	\$ 177,291	\$ 156,905
Costs and expenses:					
Costs of products sold	24,848	26,232	19,431	75,799	65,452
Research and development	23,213	22,599	21,173	68,071	64,707
Selling, general and administrative	13,630	14,069	12,114	40,786	37,211
Amortization of intangible assets (1)(2)	5,785	17,051	18,665	41,490	58,466
Total costs and expenses	67,476	79,951	71,383	226,146	225,836
Loss from operations	(10,195)	(19,012)	(28,350)	(48,855)	(68,931)
Other income (expense), net	3,989	3,136	(3,611)	10,232	(3,485)
Loss before provision for income taxes	(6,206)	(15,876)	(31,961)	(38,623)	(72,416)
Provision (benefit) for income taxes	118	100	(3,300)	218	(5,854)

Net loss	(\$6,324)	(\$15,976)	(\$28,661)	(\$38,841)	(\$66,562)
Basic net loss per share	(\$0.06)	(\$0.14)	(\$0.26)	(\$0.34)	(\$0.60)
Diluted net loss per share	(\$0.06)	(\$0.14)	(\$0.26)	(\$0.34)	(\$0.60)
Shares used in per share calculations:					
Basic	113,181	112,812	111,840	112,871	111,615
Diluted (3)	113,181	112,812	111,840	112,871	111,615

Notes:

- (1) Intangible assets subject to amortization aggregate \$46.0 million, net, at September 30, 2004 and relate to the acquisition of Cerdelix Technologies, Inc. on August 26, 2002, the acquisition of the FPGA business of Agere Systems, Inc. on January 18, 2002 and the acquisition of Integrated Intellectual Property Inc. on March 16, 2001. These intangible assets are amortized to expense generally over three to seven years on a straight-line basis.
- (2) Includes \$0.7 million, \$1.3 million and \$0.8 million of deferred stock compensation expense for the quarters ended September 30, 2004, June 30, 2004, September 30, 2003, respectively, attributable to Research and Development activities. Includes \$2.8 million, and \$4.9 million of deferred stock compensation expense for the nine-month periods ended September 30, 2004, and September 30, 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	Sept. 30, 2004	Dec. 31, 2003
Assets		
Current assets:		
Cash and short-term investments	\$319,398	\$277,750
Accounts receivable, net	27,001	26,796
Inventories	39,099	46,630
Other current assets	47,743	51,537
Total current assets	433,241	402,713
Property and equipment, net	49,002	53,800
Foundry investments, advances and other assets	74,225	86,883
Goodwill and other intangible assets, net (1)	269,528	308,232
	\$825,996	\$851,628
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 61,573	\$ 28,500
Deferred income on sales to distributors	16,040	10,564
Income taxes payable	41	37
Total current liabilities	77,654	39,101
Zero Coupon Convertible notes due in 2010	169,000	184,000
Other long-term liabilities	27,056	22,415
	196,056	206,415
Stockholders' equity	552,286	606,112

Note:

- (1) At September 30, 2004, includes approximately \$223.6 million in Goodwill and \$46.0 million of other intangible assets, net, related to previous acquisitions. The other intangible assets will be amortized to expense generally over three to seven years. Goodwill is not amortized effective with the March 2002 quarter.

Appendix 1

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

Description	Three months ended			Nine months ended	
	Sept. 30, 2004	June 30, 2004	Sept. 30, 2003	Sept. 30, 2004	Sept. 30, 2003
Revenue	\$ 57,281	\$ 60,939	\$ 43,033	\$177,291	\$156,905
Costs and expenses:					
Costs of products sold	24,848	26,232	19,431	75,799	65,452
Research and development	23,213	22,599	21,173	68,071	64,707
Selling, general and administrative	13,630	14,069	12,114	40,786	37,211
Total costs and expenses	61,691	62,900	52,718	184,656	167,370
Loss from operations	(4,410)	(1,961)	(9,685)	(7,365)	(10,465)
Other income (expense), net	3,989	3,136	(3,611)	10,232	(3,485)
Income (loss) before provision (benefit) for income taxes	(421)	1,175	(13,296)	2,867	(13,950)
Provision (benefit) for income taxes	118	100	(3,300)	218	(5,854)
Non-GAAP earnings	(\$539)	\$ 1,075	(\$9,996)	\$ 2,649	(\$8,096)
Diluted Non-GAAP earnings per share (2)	(\$0.00)	\$ 0.01	(\$0.09)	\$ 0.02	(\$0.07)
Shares used in calculations	113,181	114,125	111,840	114,222	111,615

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 June 30, 2004, and for the nine months ended September 30, 2004, the computation of diluted Non-GAAP earnings includes the effect of stock options but excludes the effect of our convertible notes as they are antidilutive. For the three months ended September 30, 2004 and September 30, 2003, and for the nine months ended September 30, 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)

Three months ended Nine months ended

Description	Sept. 30, 2004	June 30, 2004	Sept. 30, 2003	Sept. 30, 2004	Sept. 30, 2003
Net loss	(\$0.06)	(\$0.14)	(\$0.26)	(\$0.34)	(\$0.60)
Add:					
Amortization of intangible assets	\$0.06	\$0.15	\$0.17	\$0.36	\$ 0.53
Non-GAAP income (loss)	\$0.00	\$0.01	(\$0.09)	\$0.02	(\$0.07)

Notes:

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

Appendix 3

LATTICE SEMICONDUCTOR CORPORATION
- Supplemental Historic Financial Information -
(Q3 2004)

Operations Information	Q304	Q204	Q303
Percent of Revenue			
Gross Margin	56.6%	57.0%	54.8%
R&D Expense	40.5%	37.1%	49.2%
SG&A Expense	23.8%	23.1%	28.2%
Operating Loss	-17.8%	-31.2%	-65.9%
Operating Loss (Non-GAAP)	-7.7%	-3.2%	-22.5%
Depreciation Expense (\$000)	4,185	4,366	4,658
Capital Expenditures (\$000)	1,361	4,774	2,300
Balance Sheet Information			
Current Ratio	5.6	9.8	8.3
A/R Days Revenue Outstanding	43	43	57
Inventory Months	4.7	4.6	7.5
Revenue % (by Product Family)			
FPGA	20%	18%	21%
PLD	80%	82%	79%
Revenue % (by Product Classification(a))			
New	21%	16%	15%
Mainstream	43%	43%	52%
Mature	36%	41%	33%
Revenue % (by Geography)			
Americas	31%	30%	32%
Europe (incl. Africa)	22%	23%	21%
Asia (incl. ROW)	47%	47%	47%
Revenue % (by End Market)			
Communications	50%	51%	49%
Computing	20%	17%	22%
Other	30%	32%	29%
Revenue % (by Channel)			
Direct	62%	63%	67%
Distribution	38%	37%	33%

(a) Product Classification:

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

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

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

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