



EXHIBIT INDEX

Exhibit No.      Description  
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99.1              Press Release of Lattice Semiconductor Corporation, dated July  
                    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: July 23, 2004

By: /s/ Jan Johannessen

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Name: Jan Johannessen  
Title: Chief Financial Officer

## Lattice Semiconductor Reports Second Quarter Financial Results

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

Revenue for the second quarter was \$60.9 million, an increase of three percent from last quarter's revenue of \$59.1 million and up eight percent from the \$56.6 million reported in the same quarter a year ago.

Quarterly revenue from PLD products was \$49.8 million, or 82 percent of total revenue, and grew four percent sequentially. Quarterly revenue from FPGA products was \$11.1 million, or 18 percent of total revenue, and declined two percent sequentially but increased 24 percent on a year over year basis. Quarterly revenue from New products, now 16 percent of total revenue, grew 28 percent sequentially and more than doubled on a year over year basis.

Net loss for the second quarter was \$16.0 million (\$0.14 per share). This loss includes a \$17.1 million charge for amortization of intangible assets. Excluding these charges, income for the quarter was \$1.1 million (\$0.01 per share). These non-cash amortization charges have been highlighted as they are not expected to continue at these levels and are currently expected to be entirely eliminated in 2007. 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.

"Last quarter we made two significant new product announcements," stated Cyrus Y. Tsui, chairman and chief executive officer. "First, we launched the initial wave of our planned next generation FPGA products with the introduction of the LatticeEC(TM) and LatticeECP-DSP(TM) families. The first device of these new FPGA families will be production released during the current quarter, ahead of schedule. Both FPGA families were designed from the ground up in order to optimally balance emerging customer requirements in terms of cost, architectural features and performance. As the FPGA market is rapidly transitioning from high-priced, low-volume devices to low-priced, high-volume devices, we believe the timing of these new FPGA product families is excellent. Second, we entered the timing IC market with our revolutionary ispClock(TM) family of in-system programmable clock management devices. Combining our proprietary programmable mixed signal technology with high-performance programmable logic, ispClock devices offer an unprecedented level of performance and flexibility in support of advanced clock network design. We are pleased with the customer reception to our recent announcements and expect these new product families to open new avenues of revenue growth for Lattice during 2005."

## Business Outlook -- September 2004 Quarter:

- Revenue is expected to be flat, plus or minus two percent;
- Gross margin percentage is expected to be approximately flat;
- Total operating expenses are expected to be approximately flat;
- Intangible asset amortization is expected to decline by \$11.1 million to approximately \$6 million; and
- Other Income is expected to be approximately \$3 million.

On July 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 September 9, 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 September 2004 quarter, Lattice plans to participate in an investor conference sponsored by Schwab Soundview Capital. 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).

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

Description	Three months ended			Six months ended	
	June 30, 2004	Mar. 31, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Revenue	\$60,939	\$59,071	\$56,575	\$120,010	\$113,872
Costs and expenses:					
Costs of products sold	26,232	24,719	22,993	50,951	46,021
Research and development	22,599	22,259	21,702	44,858	43,534
Selling, general and administrative	14,069	13,087	12,614	27,156	25,097
Amortization of intangible assets (1)(2)	17,051	18,654	18,687	35,705	39,801
Total costs and expenses	79,951	78,719	75,996	158,670	154,453
Loss from operations	(19,012)	(19,648)	(19,421)	(38,660)	(40,581)
Other income (expense), net	3,136	3,107	(1,365)	6,243	126
Loss before (benefit) provision for income taxes	(15,876)	(16,541)	(20,786)	(32,417)	(40,455)
Provision (benefit) for income taxes	100	--	(2,554)	100	(2,554)
Net loss	(\$15,976)	(\$16,541)	(\$18,232)	(\$32,517)	(\$37,901)
Basic net loss per share	(\$0.14)	(\$0.15)	(\$0.16)	(\$0.29)	(\$0.34)

Diluted net loss per share	(\$0.14)	(\$0.15)	(\$0.16)	(\$0.29)	(\$0.34)
	=====	=====	=====	=====	=====

Shares used in per share calculations:					
Basic	112,812	112,627	111,507	112,728	111,473
	=====	=====	=====	=====	=====
Diluted (3)	112,812	112,627	111,507	112,728	111,473
	=====	=====	=====	=====	=====

Notes:

- (1) Intangible assets subject to amortization aggregate \$51.1 million, net, at June 30, 2004 and relate to the acquisition of Cerdelinx Technologies, Inc. on August 26, 2002, the acquisition of the FPGA business of Agere Systems, Inc. on January 18, 2002 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. Intangible asset amortization will decline to approximately \$5.8 million in the September 2004 quarter as amortization of intangible assets related to the June 1999 Vantis acquisition was completed in the June 2004 quarter.
- (2) Includes \$1.3 million, \$0.8 million and \$0.8 million of deferred stock compensation expense for the quarters ended June 30, 2004, March 31, 2004 and June 30, 2003, respectively, attributable to Research and Development activities. Includes \$2.1 million, and \$4.1 million of deferred stock compensation expense for the six-month periods ended June 30, 2004, and June 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	June 30, 2004	Dec. 31, 2003
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Assets		
Current assets:		
Cash and short-term investments	\$310,834	\$277,750
Accounts receivable, net	28,937	26,796
Inventories	40,770	46,630
Other current assets	51,118	51,537
	-----	-----
Total current assets	431,659	402,713
Property and equipment, net	51,774	53,800
Foundry investments, advances and other assets	55,733	86,883
Goodwill and other intangible assets, net (1)	274,652	308,232
	-----	-----
	\$813,818	\$851,628
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$28,013	\$28,500
Deferred income on sales to distributors	15,939	10,564
Income taxes payable	--	37
	-----	-----
Total current liabilities	43,952	39,101
Zero Coupon Convertible notes due in 2010	184,000	184,000
Other long-term liabilities	23,090	22,415
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	207,090	206,415
Stockholders' equity	562,776	606,112
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\$813,818    \$851,628  
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Note:

(1) At June 30, 2004, includes approximately \$223.6 million in Goodwill and \$51.1 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			Six months ended	
	June 30, 2004	Mar. 31, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Revenue	\$60,939	\$59,071	\$56,575	\$120,010	\$113,872
Costs and expenses:					
Costs of products sold	26,232	24,719	22,993	50,951	46,021
Research and development	22,599	22,259	21,702	44,858	43,534
Selling, general and administrative	14,069	13,087	12,614	27,156	25,097
Total costs and expenses	62,900	60,065	57,309	122,965	114,652
Loss from operations	(1,961)	(994)	(734)	(2,955)	(780)
Other income (expense), net	3,136	3,107	(1,365)	6,243	126
Income (loss) before provision (benefit) for income taxes	1,175	2,113	(2,099)	3,288	(654)
Provision (benefit) for income taxes	100	--	(2,554)	100	(2,554)
Non-GAAP earnings	\$1,075	\$2,113	\$455	\$3,188	\$1,900
Diluted Non-GAAP earnings per share (2)	\$0.01	\$0.02	\$0.00	\$0.03	\$0.02
Shares used in calculations	114,125	117,795	113,405	115,921	113,268

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 all periods presented, 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.

Appendix 2

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

Description	Three months ended			Six months ended	
	June 30, 2004	Mar. 31, 2004	June 30, 2003	June 30, 2004	June 30, 2003
Net loss	(\$0.14)	(\$0.15)	(\$0.16)	(\$0.29)	(\$0.34)
Add:					
Amortization of intangible assets	\$0.15	\$0.17	\$0.16	\$0.32	\$0.36
Non-GAAP income	\$0.01	\$0.02	\$0.00	\$0.03	\$0.02

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 -  
(Q2 2004)

Operations Information	Q204	Q104	Q203
Percent of Revenue			
Gross Margin	57.0%	58.2%	59.4%
R&D Expense	37.1%	37.7%	38.4%
SG&A Expense	23.1%	22.2%	22.3%
Operating Loss	-31.2%	-33.3%	-34.3%
Operating Loss (Non-GAAP)	-3.2%	-1.7%	-1.3%
Depreciation Expense (\$000)	4,366	4,498	4,603
Capital Expenditures (\$000)	4,774	2,022	2,504
Balance Sheet Information			
Current Ratio	9.8	9.3	13.2
A/R Days Revenue Outstanding	43	40	46
Inventory Months	4.6	5.4	6.3
Revenue % (by Product Family)			
FPGA	18%	19%	15%
PLD	82%	81%	85%
Revenue % (by Product Classification (1))			
New	16%	13%	8%
Mainstream	43%	43%	41%
Mature	41%	44%	51%
Revenue % (by Geography)			
Americas	30%	36%	41%
Europe (incl. Africa)	23%	24%	26%
Asia (incl. ROW)	47%	40%	33%
Revenue % (by End Market)			
Communications	51%	53%	52%
Computing	17%	19%	21%
Other	32%	28%	27%
Revenue % (by Channel)			
Direct	63%	58%	54%
Distribution	37%	42%	46%

(1) Product Classification:

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

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

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



