

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

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**LATTICE SEMICONDUCTOR CORPORATION**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

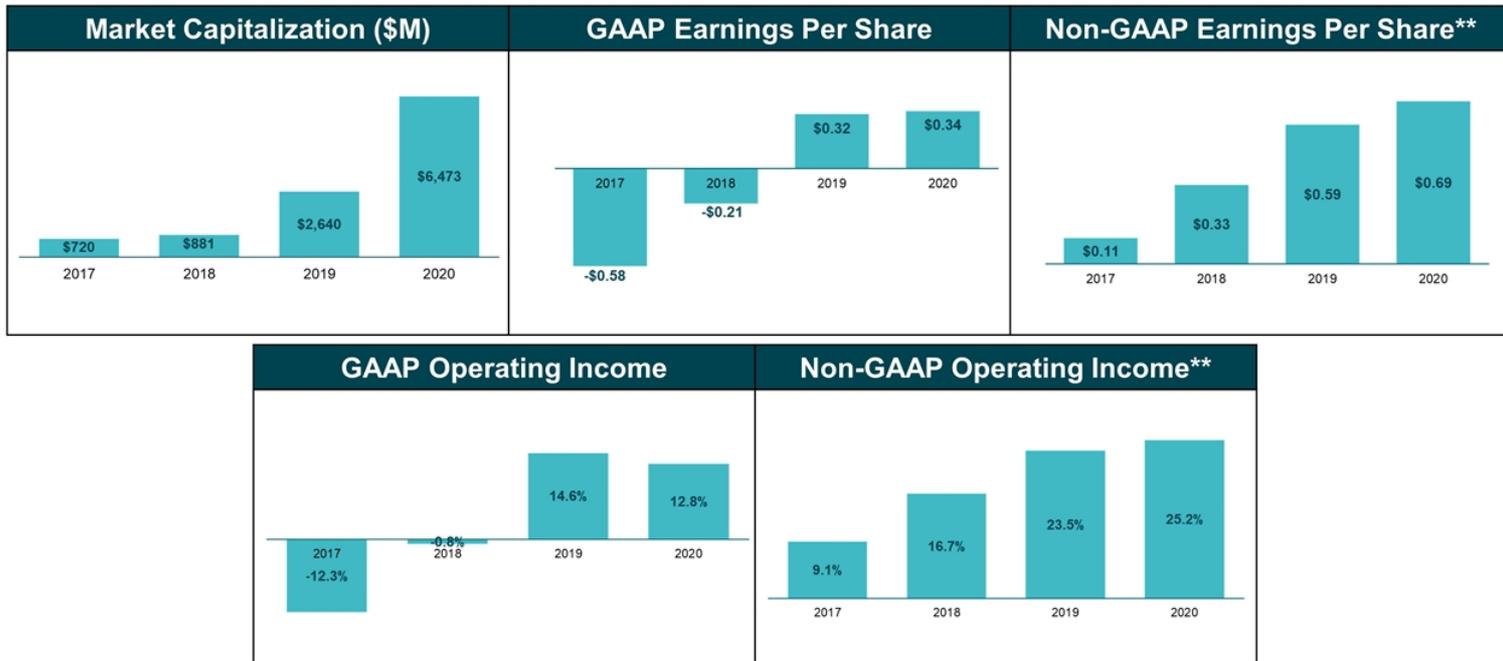
(3) Filing Party:

(4) Date Filed:

# Response to ISS 'Say on Pay' Recommendation

April 21, 2021

# New Executive Team Creates Shareholder Value\*



\*New executive team engaged between Sept 2018 to Jan 2019.

\*\*Non-GAAP Earnings Per Share and Non-GAAP Operating Income are non-GAAP financial measures. See appendix for a reconciliation to the most comparable GAAP measure.

# ISS Analysis Acknowledges Correlation of Lattice Pay Versus Performance

## ISS Report

The ISS Proxy Analysis & Benchmark Policy Voting Recommendations prepared based on Lattice's 2021 proxy statement do not dispute Lattice's performance

- ISS shows alignment between Lattice's executive compensation and Lattice's three-year annualized performance
- ISS analysis of Lattice's CEO compensation shows it is aligned with ISS peers at 1.18x the median
- ISS notes that **Overall Quantitative Concern** about Lattice's executive compensation is **Low**

## Glass Lewis

Glass Lewis also acknowledges the alignment of pay practices and performance and recommended an **Affirmative** vote on Lattice's Say-on-Pay proposal

# Summary of Changes to Long-Term Executive Incentive Awards

- In February 2020, the Lattice board moved to lengthen the performance period of long-term executive incentives to be more aligned with long-term shareholder value creation
- The performance period for vesting of Relative Total Shareholder Return Performance Stock Units (“rTSR PRSUs”) was changed from consecutive 1-year performance periods to longer periods of 2 to 3 years, measured from the grant date
- This change was made to ensure that the executive team would be focused on long-term value creation for Lattice’s shareholders and to be more consistent with industry practice
- The shift to longer performance periods was made for both new and existing grants
- Specifically, the board modified the rTSR awards so that the performance measurement structure by tracking the starting value to the grant date instead of resetting the starting value for each tranche of an award. Under the pre-change structure, if Lattice’s performance was weak during the first performance period, that weak performance would be the starting point for measuring future performance. Under the post-change structure, the starting point for measurement is always based on the original grant date. The Compensation Committee believed that this change would provide better alignment with long-term shareholder value creation by not allowing for a reset of the starting point for measuring performance

# Lattice Response to ISS ‘Say on Pay’ Recommendation

ISS Position	Lattice Position
ISS states: Increasing the performance period for new grants represents a positive change to the pay program.	Lattice agrees that increasing the performance period is positive for shareholders as it ensures the executive team is focused on long-term shareholder value creation and is more consistent with industry practice
ISS states: The company adjusted the performance periods of outstanding performance-based awards which resulted in the awards being paid out at maximum.	This is not correct. Lattice’s performance would have resulted in the same payout under both the pre-change and post-change structure, as shown in the appendix. The change was immaterial because both methods generated the same payouts.
ISS states: Support for the company’s Say-on-Pay proposal is not warranted.	Lattice disagrees. The ISS recommendation is based on an incorrect assumption that fails to consider the superior Lattice shareholder value creation documented in the ISS report. From 2017 to 2020, with the engagement of a new management team, Lattice’s market capitalization increased by 799%.

## Summary of Lattice Response to ISS ‘Say on Pay’ Recommendation

- Lattice respectfully submits that its compensation practices have aligned the interests of its executives with its shareholders
- Lattice is focused on long-term shareholder value creation. The dramatic improvement in Lattice’s market capitalization (799% increase), non-GAAP earnings per share\*\* (527% increase), non-GAAP operating income\*\* (194% increase) and cash generation from 2017 to 2020 have been the result of the engagement of a new management team in 2018. Earnings per share increased from \$(0.58) to \$0.34 and operating income increased from (12.3)% to 12.8% over the same time period.
- The changes that ISS disagreed with were: (i) designed to be shareholder-friendly through alignment with longer performance periods, and (ii) did not result in any payouts that were greater than what would have been achieved under the pre-change structure
- We urge our shareholders to support our Say-on-Pay proposal as we continue to focus on long term value creation for our shareholders

\*\* Non-GAAP Earnings Per Share and Non-GAAP Operating Income are non-GAAP financial measures. See appendix for a reconciliation to the most comparable GAAP measure.

# Appendix

# PRSU Vesting-Sept 4, 2020 - One Year Perf Periods

September 4, 2018 Baseline Award

Calculations as of 09/02/2020

*Detailed calculations for current year only.*

Lattice Semiconductor Corporation Calculation	Result	PHLX Semiconductor Select Index	TSR	Stock Price for Achievement
Beginning Average <b>i</b>	\$16.83	75th Percentile	73.12%	\$29.14
Ending Average <b>i</b>	\$29.30	50th Percentile	39.57%	\$23.49
Dividends <b>i</b>	\$0.00	25th Percentile	13.75%	\$19.15
TSR	74.08%			
Rank	#7 of 28			
Percentile	78th			
Payout	200%			
CEO Payout	250%			

$$\text{TSR} = 74.08\% = \frac{\$29.30 - \$16.83}{\$16.83}$$

Source: AON

AON Percentile Rank	CEO Payout %	ELT/ Others Payout %
75 <sup>th</sup> Percentile or Above	250%	200%
50 <sup>th</sup> Percentile	100%	100%
25 <sup>th</sup> Percentile or Below	0%	0%

# PRSU Vesting-Sept 4, 2020 - Multiple Year Perf Periods

September 4, 2018 Award

Calculations as of 09/02/2020

*Detailed calculations for current year only.*

Lattice Semiconductor Corporation Calculation	Result	PHLX Semiconductor Select Index	TSR	Stock Price for Achievement
Beginning Average <b>i</b>	\$7.02	75th Percentile	80.90%	\$12.69
Ending Average <b>i</b>	\$29.30	50th Percentile	45.22%	\$10.19
Dividends <b>i</b>	\$0.00	25th Percentile	16.06%	\$8.14
TSR	317.52%			
Rank	#1 of 28			
Percentile	100th			
Payout	200%			
CEO Payout	250%			

$$\text{TSR} = 317.52\% = \frac{\$29.30 - \$7.02}{\$7.02}$$

Source: AON

AON Percentile Rank	CEO Payout %	ELT/ Others Payout %
75 <sup>th</sup> Percentile or Above	250%	200%
50 <sup>th</sup> Percentile	100%	100%
25 <sup>th</sup> Percentile or Below	0%	0%

## Earnings Per Share GAAP/Non-GAAP Reconciliation

	2020	2019	2018	2017
GAAP net loss per share - diluted	\$ 0.35	\$ 0.32	(0.21)	(0.58)
Inventory adjs related to restructured operations	-	(0.00)	0.06	-
Amortization of acquired intangible assets	0.03	0.10	0.14	0.25
Restructuring charges	0.03	0.03	0.13	0.06
Acquisition related charges	-	-	0.01	0.03
Impairment of acquired intangible assets	-	(0.00)	0.09	0.26
Stock-based compensation expense	0.30	0.14	0.11	0.10
Gain on sale of building	-	-	-	(0.03)
Loss on sale of assets and business units	-	-	-	0.02
Non-GAAP earnings per share - diluted	\$ 0.69	\$ 0.59	0.33	0.11

We believe that non-GAAP Earnings Per Share provides investors useful information in understanding and evaluating our business because non-GAAP Earnings Per Share is the same information that our management uses, in conjunction with financial measures prepared in accordance with GAAP, as a measure of our operating results, the effectiveness of our business strategy, and in evaluating our financial performance.

## Operating Income GAAP/Non-GAAP Reconciliation

(Thousands except percentages)	2020	2019	2018	2017
GAAP (Loss)/Income from Operations	\$ 52,366	\$ 59,041	\$ (3,120)	\$ (47,620)
GAAP (Loss)/Income from Operations %	12.8%	14.6%	(0.8)%	(12.3)%
Inventory adjustment related to restructuring operations	-	(338)	7,829	-
Stock-based compensation – gross margin	3,818	1,422	940	788
Amortization of acquired intangible assets	4,449	13,558	17,690	31,340
Restructuring charges	3,937	4,664	17,349	7,196
Acquisition related charges	-	-	1,531	3,781
Impairment of acquired intangible assets	-	(1,023)	11,686	32,431
Stock-based compensation – operations	38,324	17,477	12,706	11,755
Gain on sale of building	-	-	-	(4,624)
Non-GAAP Income from Operations	\$ 102,894	\$ 94,801	\$ 66,611	\$ 35,047
Non-GAAP Income from Operations %	25.2%	23.5%	16.7%	9.1%

We believe that non-GAAP Earnings Per Share provides investors useful information in understanding and evaluating our business because non-GAAP Earnings Per Share is the same information that our management uses, in conjunction with financial measures prepared in accordance with GAAP, as a measure of our operating results, the effectiveness of our business strategy, and in evaluating our financial performance.