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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 8-K**

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

**Date of Report (Date of earliest event reported)**  
**November 7, 2016**

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**Lattice Semiconductor Corporation**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation)

**000-18032**  
(Commission File Number)

**93-0835214**  
(IRS Employer  
Identification No.)

**111 SW Fifth Ave, Ste 700**  
**Portland, Oregon 97204**  
(Address of principal executive offices, including zip code)

**(503) 268-8000**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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 (see General Instruction A.2. below):

- 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))
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**Item 2.02. Results of Operations and Financial Condition.**

On November 7, 2016, Lattice Semiconductor Corporation (the “Company”) issued a press release announcing the Company’s financial results for the third quarter ended October 1, 2016. A copy of the press release is furnished (not filed) as Exhibit 99.1 to this Current Report on Form 8-K. The information in 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 (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

The following exhibits are being furnished herewith:

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | Press Release, dated November 7, 2016 (furnished herewith). |

**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**

By: /s/ Max Downing

Max Downing  
Interim Chief Financial Officer

Date: November 7, 2016

**EXHIBIT INDEX**

| <b><u>Exhibit No.</u></b> | <b><u>Description</u></b>                           |
|---------------------------|---|
| 99.1                      | Press Release November 7, 2016 (furnished herewith) |



## NEWS RELEASE

**For more information contact:**

David Pasquale  
 Global IR Partners  
 914-337-8801  
 lspcc@globalirpartners.com

## LATTICE SEMICONDUCTOR REPORTS THIRD QUARTER 2016 RESULTS

### Third Quarter 2016 Financial Highlights\*:

- Revenue of \$113.2 million.
- On a GAAP basis, Net loss of \$12.4 million or \$0.10 per basic and diluted share.
- On a Non-GAAP basis, Net income of \$5.9 million or \$0.05 per basic and diluted share.
- Gross margin of 59.5% on a GAAP basis and 59.8% on a non-GAAP basis.

*\* GAAP represents U.S. Generally Accepted Accounting Principles. Non-GAAP represents GAAP excluding the impact of certain activities which the Company's management excludes in analyzing the Company's operating results and in understanding trends in the Company's earnings. For a reconciliation of GAAP to non-GAAP results, see accompanying tables "Reconciliation of U.S. GAAP to Non-GAAP Financial Measures."*

**PORTLAND, OR - November 7, 2016** - Lattice Semiconductor Corporation (NASDAQ: LSCC), the global leader in smart connectivity solutions, announced financial results today for the fiscal third quarter ended October 1, 2016.

The Company reported revenue for the third quarter of 2016 of \$113.2 million, which increased 14.1% sequentially, as compared to the second quarter 2016 revenue of \$99.2 million, and increased 3.2%, as compared to the third quarter 2015 revenue of \$109.7 million on a GAAP basis (Lattice closed its acquisition of Silicon Image on March 10, 2015).

Gross margin on a GAAP basis was 59.5% for the third quarter of 2016, as compared to the second quarter of 2016 gross margin of 58.9% and 54.5% for the third quarter of 2015. Gross margin for the third quarter of 2016 was 59.8% on a non-GAAP basis, as compared to 59.1% for the second quarter of 2016 and 55.7% for the third quarter of 2015.

Total operating expenses for the third quarter of 2016 were \$73.4 million on a GAAP basis as compared to \$64.8 million for the second quarter of 2016 and \$77.8 million for the third quarter of 2015. GAAP operating expenses in the third quarter of 2016 were adversely impacted by two non-recurring events: \$7.5 million in bad debt expense due to the bankruptcy filing of one of our distributors; and a \$7.9 million acquired intangible assets impairment charge due to changes in our role as the agent of the HDMI consortium. Total operating expenses were \$52.9 million for the third quarter of 2016 on a non-GAAP basis, including the adverse impact of the previously mentioned \$7.5 million in bad debt expense, as compared to \$50.8 million for the second quarter of 2016, and \$57.6 million for the third quarter of 2015.

GAAP net loss for the third quarter was \$12.4 million (\$0.10 per basic and diluted share), with net income of \$5.9 million (\$0.05 per basic and diluted share) on a non-GAAP basis. GAAP results for the third quarter of 2016 reflect the above

mentioned \$7.5 million in bad debt expense and \$7.9 million impairment charge, along with \$0.3 million in restructuring charges, \$1.0 million in tax expense, \$8.3 million in amortization of acquired intangible assets, and \$4.3 million in stock-based compensation expense. This compares to a net loss on a GAAP basis in the prior quarter of \$13.8 million (\$0.12 per basic and diluted share), with net income on a non-GAAP basis in the prior quarter of \$0.2 million (\$0.00 per basic and diluted share), and compares to a net loss on a GAAP basis in the year ago period of \$24.9 million (\$0.21 per basic and diluted share), or a net loss of \$5.4 million (\$0.05 per basic and diluted share) on a non-GAAP basis. GAAP results for the second quarter of 2016 reflect \$2.6 million in restructuring charges, \$4.5 million in tax expense, \$8.3 million in amortization of acquired intangible assets, and \$3.2 million in stock-based compensation expense. GAAP results for the third quarter of 2015 reflect \$6.8 million in restructuring charges, \$0.6 million in acquisition related charges, a \$0.3 million in tax provision, \$8.9 million in amortization of acquired intangible assets, and \$4.2 million in stock-based compensation expense.

Darin G. Billerbeck, President and Chief Executive Officer, said, "Our growth remains on track as we execute on our second half ramp, our R&D roadmap and the strategic initiatives that will help ensure our longer-term success. We achieved a 23% gain in FPGA revenue and continued growth in the overall consumer market. Better than expected manufacturing efficiencies combined with a favorable product mix in the quarter enabled us to deliver a 59.5% gross margin, which was well above our guidance."

Max Downing, Interim Chief Financial Officer, added, "Our non-GAAP operating expenses were adversely impacted by the aforementioned bad debt expense due to the unexpected bankruptcy filing of one of our distributors. Absent this non-recurring event, our non-GAAP operating expenses were \$45.4 million, consistent with our plan. In addition, we agreed to restructure our role as the HDMI Licensing Agent under an amendment whereby a new independent entity will assume the agency responsibilities leading to reduction in our share of adopter fees. As a result, we recorded a non-cash impairment charge of \$7.9 million during the quarter. The agency change will not have a material impact on our long term profitability given the corresponding reduction in associated expenses."

#### **Recent Business Highlights**

- **Epson Extends Relationship with Lattice to 60 GHz Wireless Technology:** Epson's flagship PowerLite Home Cinema 5040UBe3LCD Projector, is an industry' first with 4K support for the consumer and enterprise markets. Lattice's SiBEAM 60 GHz wireless technology delivers a robust, cable-like experience that is free from Wi-Fi interference to enable a seamless, high quality video connectivity solution, with an interface compatible with the HDMI® standard for in-room applications. This is the third generation of Epson's projectors to incorporate Lattice's technology, underscoring the companies long-term partnership.
- **Expands Automotive Product Portfolio with Addition of ECP5™ and CrossLink™ Programmable Devices:** Lattice expanded its automotive product portfolio with ECP5™ and CrossLink™ programmable devices tailored specifically for interface bridging applications. Reinforcing Lattice's commitment to the automotive market, the two products deliver optimized connectivity solutions for Advanced Driver Assistance Systems (ADAS) and infotainment applications, while also bridging the gap between emerging image sensor and video display interfaces with legacy automotive interfaces. Lattice's low power, small form factor, are ideal for multi-sensor aggregation and bridging in ADAS applications and enable the use of mobile interfaces in auto subsystems to reduce overall system cost, power and size.

**Investor Conference Call / Webcast Details:**

On November 3, 2016, the Company announced that it had entered into a definitive agreement to be acquired by Canyon Bridge Capital Partners, Inc. As a result of the acquisition announcement, the Company will not be holding the previously scheduled conference call and webcast, and will not provide an outlook for its future financial results.

The Company will also no longer host the analyst and investor meeting that was scheduled to be held on November 15, 2016.

**Forward-Looking Statements Notice:**

The foregoing paragraphs contain forward-looking statements that involve estimates, assumptions, risks and uncertainties. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. Such forward-looking statements include statements relating to: our expectation that our growth remains on track as we execute on our second half ramp, our R&D roadmap and the strategic initiatives that will help ensure our longer-term success. Other forward-looking statements may be indicated by words such as “will,” “could,” “should,” “would,” “may,” “expect,” “plan,” “project,” “anticipate,” “intend,” “forecast,” “future,” “believe,” “estimate,” “predict,” “propose,” “potential,” “continue” or the negative of these terms or other comparable terminology. Lattice believes the factors identified below could cause actual results to differ materially from the forward-looking statements.

Estimates of future revenue are inherently uncertain due to, among other things, the high percentage of quarterly “turns” business. In addition, revenue is affected by such factors as global economic conditions, which may affect customer demand, pricing pressures, competitive actions, the demand for our Mature, Mainstream and New products, and in particular our iCE40™ and MachXO3L™ devices, the ability to supply products to customers in a timely manner, changes in our distribution relationships, or the volatility of our consumer business. Actual gross margin percentage and operating expenses could vary from the estimates on the basis of, among other things, changes in revenue levels, changes in product pricing and mix, changes in wafer, assembly, test and other costs, including commodity costs, variations in manufacturing yields, the failure to sustain operational improvements, the actual amount of compensation charges due to stock price changes. Any unanticipated declines in revenue or gross margin, any unanticipated increases in our operating expenses or unanticipated charges could adversely affect our profitability.

In addition to the foregoing, other factors that may cause actual results to differ materially from the forward-looking statements in this press release include global economic uncertainty, overall semiconductor market conditions, market acceptance and demand for our new products, the Company’s dependencies on its silicon wafer suppliers, the impact of competitive products and pricing, technological and product development risks, the failure to achieve the anticipated benefits and synergies of the Silicon Image transaction. In addition, actual results are subject to other risks and uncertainties that relate more broadly to our overall business, including those risks more fully described in Lattice’s filings with the SEC including its annual report on Form 10-K for the fiscal year ended January 2, 2016, and Lattice’s quarterly reports filed on Form 10-Q.

You should not unduly rely on forward-looking statements because actual results could differ materially from those expressed in any forward-looking statements. In addition, any forward-looking statement applies only as of the date on which it is made. 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.

**Non-GAAP Financial Measures:**

Included within this press release and the accompanying tables and notes are non-GAAP financial measures that supplement the Company's consolidated financial information prepared in accordance with U.S. GAAP. The non-GAAP measures presented exclude charges and adjustments primarily related to stock-based compensation, restructuring charges, acquisition-related charges, amortization of acquired intangible assets, purchase accounting adjustments, and the estimated tax effect of these items. These charges and adjustments may or may not be infrequent or nonrecurring in nature but are a result of periodic or non-core operating activities of the Company. The Company describes these non-GAAP financial measures and reconciles them to the most directly comparable GAAP measures in the tables and notes attached to this press release.

The Company's management believes that these non-GAAP financial measures provide an additional and useful way of viewing aspects of our performance that, when viewed in conjunction with our GAAP results, provide a more comprehensive understanding of the various factors and trends affecting our ongoing financial performance and operating results than GAAP measures alone. In particular, investors may find the non-GAAP measures useful in reviewing our operating performance without the significant accounting charges resulting from the Silicon Image acquisition, alongside the comparably adjusted prior year results. Management also uses these non-GAAP measures for strategic and business decision-making, internal budgeting, forecasting, and resource allocation processes and believes that investors should have access to similar data when making their investment decisions.

In addition, the Company uses Adjusted EBITDA to measure compliance with certain of its debt covenants. These non-GAAP measures are included solely for informational and comparative purposes and are not meant as a substitute for GAAP and should be considered together with the consolidated financial information located in the tables attached to this press release.

**About Lattice Semiconductor Corporation:**

Lattice Semiconductor Corporation (NASDAQ: LSCC) provides smart connectivity solutions powered by our low power FPGA, video ASSP, 60 GHz millimeter wave, and IP products to the consumer, communications, industrial, computing, and automotive markets worldwide. Our unwavering commitment to our customers enables them to accelerate their innovation, creating an ever better and more connected world.

For more information, visit [www.latticesemi.com](http://www.latticesemi.com). You can also follow us via [LinkedIn](#), [Twitter](#), [Facebook](#), [YouTube](#) or [RSS](#).

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**Lattice Semiconductor Corporation, Lattice (& design), L (& design), iCE40 and MachXO3L, 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.**

**GENERAL NOTICE: Other product names used in this publication are for identification purposes only and may be trademarks of their respective holders.**

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

|  | Three Months Ended |                 |                    | Nine Months Ended  |                    |
|--|--------------------|-----------------|--------------------|--------------------|--------------------|
|  | October 1,<br>2016 | July 2,<br>2016 | October 3,<br>2015 | October 1,<br>2016 | October 3,<br>2015 |
| Revenue  | \$ 113,225         | \$ 99,209       | \$ 109,715         | \$ 308,946         | \$ 304,772         |
| Costs and expenses:  |                    |                 |                    |                    |                    |
| Cost of sales  | 45,801             | 40,783          | 49,866             | 125,992            | 138,965            |
| Research and development   | 27,747             | 30,915          | 37,619             | 91,270             | 104,813            |
| Selling, general and administrative  | 29,244             | 23,005          | 23,819             | 75,857             | 73,096             |
| Amortization of acquired intangible assets                                     | 8,260              | 8,311           | 8,941              | 25,292             | 20,824             |
| Restructuring charges  | 317                | 2,568           | 6,818              | 8,316              | 15,780             |
| Acquisition related charges  | —                  | —               | 610                | 94                 | 22,078             |
| Impairment of intangible assets  | 7,866              | —               | —                  | 7,866              | —                  |
|  | 119,235            | 105,582         | 127,673            | 334,687            | 375,556            |
| Loss from operations   | (6,010)            | (6,373)         | (17,958)           | (25,741)           | (70,784)           |
| Interest expense   | (5,235)            | (5,062)         | (5,754)            | (15,257)           | (12,870)           |
| Other income (expense), net  | 209                | 2,532           | (841)              | 3,558              | (1,095)            |
| Loss before income taxes and equity in net loss of an unconsolidated affiliate | (11,036)           | (8,903)         | (24,553)           | (37,440)           | (84,749)           |
| Income tax expense   | 971                | 4,539           | 309                | 7,410              | 29,030             |
| Equity in net loss of an unconsolidated affiliate, net of tax                  | (407)              | (368)           | —                  | (1,085)            | —                  |
| Net loss   | \$ (12,414)        | \$ (13,810)     | \$ (24,862)        | \$ (45,935)        | \$ (113,779)       |
| Net loss per share, basic and diluted  | \$ (0.10)          | \$ (0.12)       | \$ (0.21)          | \$ (0.38)          | \$ (0.97)          |
| Shares used in per share calculations, basic and diluted                       | 120,584            | 119,445         | 117,669            | 119,596            | 117,151            |

**Lattice Semiconductor Corporation**  
**Consolidated Balance Sheets**  
(in thousands)  
(unaudited)

|  | October 1,<br>2016 | January 2,<br>2016 |
|--|--------------------|--------------------|
| <b>Assets</b>  |                    |                    |
| <b>Current assets:</b>   |                    |                    |
| Cash, cash equivalents and short-term marketable securities  | \$ 98,914          | \$ 102,574         |
| Accounts receivable, net   | 93,946             | 88,471             |
| Inventories  | 80,540             | 75,896             |
| Other current assets   | 18,614             | 18,922             |
| Total current assets   | 292,014            | 285,863            |
| Property and equipment, net  | 51,576             | 51,852             |
| Intangible assets, net of amortization   | 127,332            | 162,583            |
| Goodwill   | 269,771            | 267,549            |
| Deferred income taxes  | 473                | 578                |
| Other long-term assets   | 15,087             | 17,495             |
|  | \$ 756,253         | \$ 785,920         |
| <b>Liabilities and Stockholders' Equity</b>  |                    |                    |
| <b>Current liabilities:</b>  |                    |                    |
| Accounts payable and other accrued liabilities   | \$ 85,995          | \$ 83,761          |
| Current portion of long-term debt  | 27,613             | 7,557              |
| Deferred income and allowances on sales to sell-through distributors and deferred licensing and services revenue | 21,586             | 19,859             |
| Total current liabilities  | 135,194            | 111,177            |
| Long-term debt   | 307,747            | 330,870            |
| Other long-term liabilities  | 39,638             | 38,353             |
| Total liabilities  | 482,579            | 480,400            |
| Stockholders' equity   | 273,674            | 305,520            |
|  | \$ 756,253         | \$ 785,920         |

**LATTICE SEMICONDUCTOR CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

|   | Nine Months Ended |                 |
|---|-------------------|-----------------|
|   | October 1, 2016   | October 3, 2015 |
| <b>Cash flows from operating activities:</b>  |                   |                 |
| Net loss  | \$ (45,935)       | \$ (113,779)    |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: |                   |                 |
| Depreciation and amortization   | 47,908            | 42,916          |
| Impairment of intangible assets   | 7,866             | —               |
| Amortization of debt issuance costs and discount  | 1,213             | 2,037           |
| Change in deferred income tax provision   | —                 | 17,689          |
| Loss on sale or maturity of marketable securities   | 72                | 336             |
| Stock-based compensation expense  | 12,107            | 13,609          |
| Loss on disposal of fixed assets  | 263               | —               |
| Gain on sale of business unit   | (2,646)           | —               |
| Equity in net loss of an unconsolidated affiliate, net of tax                             | 1,085             | —               |
| Changes in assets and liabilities:  |                   |                 |
| Accounts receivable, net  | (5,728)           | 7,708           |
| Inventories   | (4,644)           | 6,738           |
| Prepaid expenses and other current assets   | (2,227)           | (2,776)         |
| Accounts payable and accrued expenses (includes restructuring)                            | 6,294             | 7,786           |
| Accrued payroll obligations   | (454)             | (10,309)        |
| Income taxes payable  | 1,335             | 971             |
| Deferred income and allowances on sales to sell-through distributors                      | 3,067             | 5,481           |
| Deferred licensing and services revenue   | (258)             | 967             |
| Net cash provided by (used in) operating activities                                       | 19,318            | (20,626)        |
| <b>Cash flows from investing activities:</b>  |                   |                 |
| Proceeds from sales or maturities of short-term marketable securities                     | 11,977            | 142,956         |
| Purchases of marketable securities, net   | (5,961)           | (4,005)         |
| Cash paid for business acquisition, net of cash acquired                                  | —                 | (431,068)       |
| Capital expenditures, net   | (13,991)          | (11,584)        |
| Proceeds from sale of business unit, net of cash sold                                     | 1,972             | —               |
| Cash paid for a non-marketable investment   | (1,000)           | (3,000)         |
| Cash paid for software licenses   | (7,370)           | (5,393)         |
| Net cash used in investing activities   | (14,373)          | (312,094)       |
| <b>Cash flows from financing activities:</b>  |                   |                 |
| Net share settlement upon issuance of restricted stock units                              | (2,883)           | (2,660)         |
| Purchases of treasury stock   | —                 | (6,970)         |
| Net proceeds from issuance of common stock  | 5,353             | 3,382           |
| Net proceeds from issuance of long-term debt  | —                 | 346,500         |
| Cash paid for debt issuance costs   | —                 | (8,283)         |
| Repayment of debt   | (4,279)           | (1,750)         |
| Net cash (used in) provided by financing activities                                       | (1,809)           | 330,219         |

**LATTICE SEMICONDUCTOR CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**  
(in thousands)  
(unaudited)

| <i>(In thousands)</i>   | <b>Nine Months Ended</b> |                        |
|---|--------------------------|------------------------|
|   | <b>October 1, 2016</b>   | <b>October 3, 2015</b> |
| Effect of exchange rate change on cash  | (579)                    | (754)                  |
| Net increase (decrease) in cash and cash equivalents  | 2,557                    | (3,255)                |
| Beginning cash and cash equivalents   | 84,606                   | 115,611                |
| Ending cash and cash equivalents  | <u>\$ 87,163</u>         | <u>\$ 112,356</u>      |
| <b>Supplemental cash flow information:</b>  |                          |                        |
| Change in unrealized gain (loss) related to marketable securities, net of tax, included in Accumulated other comprehensive loss | \$ (50)                  | \$ (133)               |
| Income taxes paid, net of refunds   | \$ 7,250                 | \$ 5,403               |
| Interest paid   | \$ 13,849                | \$ 6,225               |
| Accrued purchases of plant and equipment  | \$ 402                   | \$ 817                 |

**Lattice Semiconductor Corporation**  
**- Supplemental Historical Financial Information -**  
**(unaudited)**

|  | Three Months Ended |                 |                    | Nine Months Ended  |                    |
|--|--------------------|-----------------|--------------------|--------------------|--------------------|
|  | October 1,<br>2016 | July 2,<br>2016 | October 3,<br>2015 | October 1,<br>2016 | October 3,<br>2015 |
| <b>Operations Information</b>                              |                    |                 |                    |                    |                    |
| Percent of Revenue   |                    |                 |                    |                    |                    |
| Gross Margin   | 59.5%              | 58.9%           | 54.5%              | 59.2%              | 54.4%              |
| R&D Expense  | 24.5%              | 31.2%           | 34.3%              | 29.5%              | 34.4%              |
| SG&A Expense   | 25.8%              | 23.2%           | 21.7%              | 24.6%              | 24.0%              |
| Depreciation and amortization (in thousands)               | 15,556             | 15,021          | 17,553             | 47,908             | 42,916             |
| Capital expenditures (in thousands)                        | 3,889              | 4,402           | 4,552              | 13,991             | 11,584             |
| Stock-based compensation (in thousands)                    | 4,309              | 3,242           | 4,199              | 12,107             | 12,562             |
| Restructuring and severance related charges (in thousands) | 317                | 2,568           | 6,818              | 8,316              | 15,780             |
| Taxes paid (cash, in thousands)                            | 2,386              | 2,368           | 2,291              | 7,250              | 5,403              |

**Balance Sheet Information**

|                              |     |     |     |
|------------------------------|-----|-----|-----|
| Current Ratio                | 2.2 | 2.0 | 2.7 |
| A/R Days Revenue Outstanding | 76  | 78  | 71  |
| Inventory Months             | 5.3 | 6.4 | 4.8 |

**Revenue% (by Geography)**

|                       |     |     |     |     |     |
|-----------------------|-----|-----|-----|-----|-----|
| Asia                  | 74% | 68% | 79% | 70% | 76% |
| Europe (incl. Africa) | 12% | 15% | 12% | 14% | 14% |
| Americas              | 14% | 17% | 9%  | 16% | 10% |

**Revenue% (by End Market) (1)**

|                              |     |     |     |     |     |
|------------------------------|-----|-----|-----|-----|-----|
| Communications and Computing | 27% | 29% | 33% | 30% | 36% |
| Mobile and Consumer          | 31% | 24% | 34% | 27% | 31% |
| Industrial and Automotive    | 33% | 37% | 23% | 34% | 25% |
| Licensing and Services       | 9%  | 10% | 10% | 9%  | 8%  |

**Revenue% (by Channel)**

|                           |     |     |     |     |     |
|---------------------------|-----|-----|-----|-----|-----|
| Sell-through distribution | 62% | 59% | 46% | 58% | 45% |
| Direct                    | 38% | 41% | 54% | 42% | 55% |

(1) During the first quarter of fiscal 2016, the Company realigned its End Market categories; prior periods have been reclassified to match current period presentation.

**Lattice Semiconductor Corporation**  
**- Reconciliation of U.S. GAAP to Non-GAAP Financial Measures -**  
**(in thousands, except per share data)**  
**(unaudited)**

|  | Three Months Ended |                 |                    | Nine Months Ended  |                    |
|--|--------------------|-----------------|--------------------|--------------------|--------------------|
|  | October 1,<br>2016 | July 2,<br>2016 | October 3,<br>2015 | October 1,<br>2016 | October 3,<br>2015 |
| GAAP Revenue   | \$ 113,225         | \$ 99,209       | \$ 109,715         | \$ 308,946         | \$ 304,772         |
| Fair value adjustment to deferred revenue from purchase accounting | —                  | —               | 361                | —                  | 5,091              |
| Non-GAAP Revenue   | \$ 113,225         | \$ 99,209       | \$ 110,076         | \$ 308,946         | \$ 309,863         |
| GAAP Gross margin  | \$ 67,424          | \$ 58,426       | \$ 59,849          | \$ 182,954         | \$ 165,807         |
| Fair value adjustment to deferred revenue from purchase accounting | —                  | —               | 314                | —                  | 3,595              |
| Inventory step-up expense  | —                  | —               | 716                | 523                | 5,362              |
| Stock-based compensation - gross margin                            | 231                | 166             | 406                | 656                | 1,044              |
| Non-GAAP Gross margin  | \$ 67,655          | \$ 58,592       | \$ 61,285          | \$ 184,133         | \$ 175,808         |
| GAAP Gross margin %  | 59.5 %             | 58.9 %          | 54.5 %             | 59.2 %             | 54.4 %             |
| Cumulative effect of non-GAAP Gross Margin adjustments             | 0.3 %              | 0.2 %           | 1.2 %              | 0.4 %              | 2.3 %              |
| Non-GAAP Gross margin %  | 59.8 %             | 59.1 %          | 55.7 %             | 59.6 %             | 56.7 %             |
| GAAP Operating expenses  | \$ 73,434          | \$ 64,799       | \$ 77,807          | \$ 208,695         | \$ 236,591         |
| Amortization of acquired intangible assets                         | (8,260)            | (8,311)         | (8,941)            | (25,292)           | (20,824)           |
| Restructuring charges  | (317)              | (2,568)         | (6,818)            | (8,316)            | (15,780)           |
| Acquisition related charges (1)                                    | —                  | —               | (610)              | (94)               | (22,078)           |
| Impairment of intangible assets                                    | (7,866)            | —               | —                  | (7,866)            | —                  |
| Stock-based compensation - operations                              | (4,078)            | (3,076)         | (3,793)            | (11,451)           | (11,518)           |
| Non-GAAP Operating expenses  | \$ 52,913          | \$ 50,844       | \$ 57,645          | \$ 155,676         | \$ 166,391         |

(1) Includes stock-based compensation and severance costs related to change in control.

**Lattice Semiconductor Corporation**  
**- Reconciliation of U.S. GAAP to Non-GAAP Financial Measures -**  
**(in thousands, except per share data)**  
**(unaudited)**

|  | Three Months Ended |                 |                    | Nine Months Ended  |                    |
|--|--------------------|-----------------|--------------------|--------------------|--------------------|
|  | October 1,<br>2016 | July 2,<br>2016 | October 3,<br>2015 | October 1,<br>2016 | October 3,<br>2015 |
| GAAP Loss from operations  | \$ (6,010)         | \$ (6,373)      | \$ (17,958)        | \$ (25,741)        | \$ (70,784)        |
| Fair value adjustment to deferred revenue from purchase accounting   | —                  | —               | 314                | —                  | 3,595              |
| Inventory step-up expense  | —                  | —               | 716                | 523                | 5,362              |
| Stock-based compensation - gross margin                              | 231                | 166             | 406                | 656                | 1,044              |
| Amortization of acquired intangible assets                           | 8,260              | 8,311           | 8,941              | 25,292             | 20,824             |
| Restructuring charges  | 317                | 2,568           | 6,818              | 8,316              | 15,780             |
| Acquisition related charges (1)                                      | —                  | —               | 610                | 94                 | 22,078             |
| Impairment of intangible assets                                      | 7,866              | —               | —                  | 7,866              | —                  |
| Stock-based compensation - operations                                | 4,078              | 3,076           | 3,793              | 11,451             | 11,518             |
| Non-GAAP Income from operations                                      | \$ 14,742          | \$ 7,748        | \$ 3,640           | \$ 28,457          | \$ 9,417           |
| GAAP Loss from operations %  | (5.3)%             | (6.4)%          | (16.4)%            | (8.3)%             | (23.2)%            |
| Cumulative effect of non-GAAP Gross Margin and Operating adjustments | 18.3 %             | 14.2 %          | 19.7 %             | 17.5 %             | 26.2 %             |
| Non-GAAP Income from operations %                                    | 13.0 %             | 7.8 %           | 3.3 %              | 9.2 %              | 3.0 %              |
| GAAP Income tax expense  | \$ 971             | \$ 4,539        | \$ 309             | \$ 7,410           | \$ 29,030          |
| Estimated tax effect of non-GAAP adjustments (2)                     | 2,389              | (2,499)         | 2,182              | 438                | (19,941)           |
| Non-GAAP Income tax expense  | \$ 3,360           | \$ 2,040        | \$ 2,491           | \$ 7,848           | \$ 9,089           |

(1) Includes stock-based compensation and severance costs related to change in control.

(2) During the second quarter of fiscal 2016, we refined our calculation of non-GAAP tax expense by applying our tax provision model to year-to-date and projected income after adjusting for non-GAAP items. The difference between calculated values for GAAP and non-GAAP tax expense has been included as the “Estimated tax effect of non-GAAP adjustments.” Prior periods have been similarly recalculated to conform to the current presentation.

**Lattice Semiconductor Corporation**  
**- Reconciliation of U.S. GAAP to Non-GAAP Financial Measures -**  
**(in thousands, except per share data)**  
**(unaudited)**

|  | Three Months Ended |                 |                    | Nine Months Ended  |                    |
|--|--------------------|-----------------|--------------------|--------------------|--------------------|
|  | October 1,<br>2016 | July 2,<br>2016 | October 3,<br>2015 | October 1,<br>2016 | October 3,<br>2015 |
| GAAP Net Loss  | \$ (12,414)        | \$ (13,810)     | \$ (24,862)        | \$ (45,935)        | \$ (113,779)       |
| Fair value adjustment to deferred revenue from purchase accounting | —                  | —               | 314                | —                  | 3,595              |
| Inventory step-up expense  | —                  | —               | 716                | 523                | 5,362              |
| Stock-based compensation - gross margin                            | 231                | 166             | 406                | 656                | 1,044              |
| Amortization of acquired intangible assets                         | 8,260              | 8,311           | 8,941              | 25,292             | 20,824             |
| Restructuring charges  | 317                | 2,568           | 6,818              | 8,316              | 15,780             |
| Acquisition related charges (1)                                    | —                  | —               | 610                | 94                 | 22,078             |
| Impairment of intangible assets                                    | 7,866              | —               | —                  | 7,866              | —                  |
| Stock-based compensation - operations                              | 4,078              | 3,076           | 3,793              | 11,451             | 11,518             |
| Gain on sale of Qterics  | —                  | (2,646)         | —                  | (2,646)            | —                  |
| Estimated tax effect of non-GAAP adjustments (2)                   | (2,389)            | 2,499           | (2,182)            | (438)              | 19,941             |
| Non-GAAP Net income (loss)   | \$ 5,949           | \$ 164          | \$ (5,446)         | \$ 5,179           | \$ (13,637)        |
| GAAP Net loss per share - basic and diluted                        | \$ (0.10)          | \$ (0.12)       | \$ (0.21)          | \$ (0.38)          | \$ (0.97)          |
| Cumulative effect of Non-GAAP adjustments                          | 0.15               | 0.12            | 0.16               | 0.42               | 0.85               |
| Non-GAAP Net income (loss) per share - basic and diluted           | \$ 0.05            | \$ —            | \$ (0.05)          | \$ 0.04            | \$ (0.12)          |
| Shares used in per share calculations:                             |                    |                 |                    |                    |                    |
| Basic  | 120,584            | 119,445         | 117,669            | 119,596            | 117,151            |
| Diluted - GAAP (3)   | 120,584            | 119,445         | 117,669            | 119,596            | 117,151            |
| Diluted - Non-GAAP (3)   | 122,236            | 120,871         | 117,669            | 121,232            | 117,151            |

(1) Includes stock-based compensation and severance costs related to change in control.

(2) During the second quarter of fiscal 2016, we refined our calculation of non-GAAP tax expense by applying our tax provision model to year-to-date and projected income after adjusting for non-GAAP items. The difference between calculated values for GAAP and non-GAAP tax expense has been included as the “Estimated tax effect of non-GAAP adjustments.” Prior periods have been similarly recalculated to conform to the current presentation.

(3) Diluted shares are calculated using the GAAP treasury stock method. In a loss position, diluted shares equal basic shares.