LATTICE SEMICONDUCTOR CORP
Form DEF 14A
April 10, 2018

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

(Amendment No. __)

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 the transaction applies:

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

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(4) Proposed maximum aggregate value of the transaction:

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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:

April 10, 2018

TO OUR STOCKHOLDERS:

You are cordially invited to attend the annual meeting of the stockholders of Lattice Semiconductor Corporation, which will be held on Friday, May 4, 2018, at 1:00 p.m. Pacific Time, on the seventh floor of the US Bancorp Tower, 111 SW 5th Ave, Portland Oregon 97204.

The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe the matters to be acted upon at the meeting. Included with the Proxy Statement is a copy of our 2017 Annual Report to Stockholders for the fiscal year ended December 30, 2017. We encourage you to read the 2017 Annual Report to Stockholders. It includes our audited financial statements and information about our operations, markets, and products.

It is important that your shares be represented and voted at the meeting whether or not you plan to attend. Therefore, we urge you to vote your shares as soon as possible. If you received a proxy card and other proxy materials by mail, you may vote online, by telephone, or by signing and dating the proxy card and returning it in the envelope provided. A copy of the Proxy Statement and our 2017 Annual Report to Stockholders is available online at www.edocumentview.com/lscc. Voting by telephone or over the Internet or by returning the proxy card will ensure your representation at the meeting but does not deprive you of your right to attend the meeting and to vote your shares in person.

Sincerely,

Glen Hawk

Interim Chief Executive Officer

Whether or not you plan to attend the meeting, please vote your shares as soon as possible. You can vote your shares by telephone, online or by signing and dating a proxy card and returning it to the address provided on the proxy card. If you receive more than one proxy card because you own shares that are registered differently, then please vote all of the shares shown on all of your proxy cards following instructions listed on each of the individual proxy cards. Thank you.

111 SW 5th AVE, SUITE 700

PORTLAND, OREGON 97204

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

May 4, 2018

TO OUR STOCKHOLDERS:

The annual meeting of stockholders of Lattice Semiconductor Corporation will be held on the seventh floor of the US Bancorp Tower, 111 SW 5th Ave, Portland Oregon 97204, on Friday, May 4, 2018, at 1:00 p.m., Pacific Time, for the following purposes:

1. To elect eight directors, each for a term of one year;
2. To approve, as an advisory vote, the compensation of the Company s named executive officers;
3. To approve the amended Lattice Semiconductor Corporation 2013 Incentive Plan;
4. To approve the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan;
5. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 29, 2018; and
6. To transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on March 9, 2018, are entitled to vote at the meeting or any adjournment thereof. More information about these business items is described in the accompanying proxy statement. Any of the above matters may be considered at the annual meeting at the date and time specified above or at an adjournment or postponement of such meeting.

All stockholders are invited to attend the meeting in person. **Whether or not you plan to attend the meeting, to assure your representation at the meeting, please vote as soon as possible.** You are being provided a proxy card and other proxy materials by mail, and you may vote in person at the annual meeting, or by mail, by telephone or online. For specific voting instructions, please refer to the information provided in the accompanying Proxy Statement, together with your proxy card. A copy of the Proxy Statement and our 2017 Annual Report to Stockholders accompanies this notice and is also available online at www.edocumentview.com/lscc. Any stockholder of record entitled to vote at the meeting may vote in person at the meeting even if he or she has returned a proxy card or voted by telephone or online.

By Order of the Board of Directors

Byron W. Milstead

Secretary

Portland, Oregon

April 10, 2018

111 SW 5th AVE, SUITE 700

PORTLAND, OREGON 97204

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

INFORMATION CONCERNING SOLICITATION AND VOTING

General

Our board of directors is soliciting proxies to be used at the 2018 annual meeting of stockholders to be held on the seventh floor of the US Bancorp Tower, 111 SW 5th Ave., Portland, Oregon 97204, on Friday, May 4, 2018, at 1:00 p.m., Pacific Time, or at any adjournment thereof.

This Proxy Statement, our 2017 Annual Report to Stockholders and the proxy card are first being sent on or about April 10, 2018, to all stockholders entitled to vote at the meeting.

Purpose of Annual Meeting

The purpose of this annual meeting is:

1. To elect Robin A. Abrams, Brian M. Beattie, John Bourgoin, Mark E. Jensen, James P. Lederer, John E. Major, Krishna Rangasayee, and D. Jeffrey Richardson as directors of the Company, each for a term of one year;

2. To approve, as an advisory vote, the compensation of the Company s named executive officers;

3. To approve the amended Lattice Semiconductor Corporation 2013 Incentive Plan;

4. To approve the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan; and

5. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 29, 2018.

The board of directors recommends that stockholders vote FOR the election of Robin A. Abrams, Brian M. Beattie, John Bourgoin, Mark E. Jensen, James P. Lederer, John E. Major, Krishna Rangasayee, and D. Jeffrey Richardson as directors of the Company. The board of directors recommends that stockholders vote FOR the approval, on an advisory basis, of the compensation of the Company s named executive officers. The board of directors recommends that stockholders vote FOR the approval of the amended Lattice Semiconductor Corporation 2013 Incentive Plan. The board of directors recommends that stockholders vote FOR the approval of the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan. The board of directors recommends that stockholders vote FOR the ratification of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 29, 2018.

Who Can Vote

Record holders of common stock at the close of business on March 9, 2018, may vote at the meeting. On March 9, 2018, there were 124,211,710 shares of common stock outstanding. Each stockholder has one vote for each share of common stock owned as of the record date. The common stock does not have cumulative voting rights.

How to Vote

Stockholders may vote their shares in person at the annual meeting, by mail, by telephone or online over the Internet. Stockholders who hold their shares through a bank, broker or other nominee should vote their shares in the manner prescribed by the bank, broker or other nominee.

Voting in Person at the Meeting. If you attend the annual meeting and plan to vote in person, we will provide you with a ballot at the annual meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in street name. As a beneficial owner, if you wish to vote at the annual meeting, you will need to bring to the meeting a legal proxy from your broker or other nominee authorizing you to vote those shares.

Voting by Mail. By signing the proxy card and returning it to the address provided on the proxy card, you are authorizing the individuals named on the proxy card to vote your shares at the annual meeting in the manner you indicate. We encourage you to sign and return the proxy card even if you plan to attend the meeting so that your shares will be voted if you are unable to attend the meeting. If you receive more than one proxy card, it is an indication that your shares are held in multiple accounts. Please sign and return all proxy cards that you receive in the mail to ensure that all your shares are voted.

Voting by Telephone. To vote by telephone, please follow the instructions included on your proxy card that you received in the mail. If you vote by telephone, you do not need to complete and mail a proxy card.

Voting over the Internet. To vote over the Internet, please follow the instructions included on your proxy card that you received in the mail. If you vote over the Internet, you do not need to complete and mail a proxy card. The internet voting procedures are designed to comply with Delaware law, to authenticate the stockholder s identity and to allow stockholders to vote their shares and confirm that their voting instructions have been properly recorded.

If you deliver a proxy card by mail or vote by telephone or over the Internet, the proxy holders will vote your shares in accordance with the instructions that you provide. If you do not specify how to vote your shares, the proxy holders will vote them (i) FOR each of the nominees for director named herein, (ii) FOR approval of, as an advisory vote, the compensation for the Company s named executive officers, (iii) FOR the approval of the amended Lattice Semiconductor Corporation 2013 Incentive Plan, (iv) FOR the approval of the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan, (v) FOR ratification of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 29, 2018, and (vi) in accordance with the recommendations of our board of directors, or, if no recommendation is given, in the discretion of the proxy holders, on any other business that may properly come before the meeting or any adjournment thereof.

Revoking Your Proxy

You may revoke your proxy at any time before it is exercised by:

- sending a written notice of revocation to the Secretary of Lattice Semiconductor Corporation, at 111 SW 5th Ave, Suite 700, Portland, Oregon 97204;

- entering a new vote by telephone, over the Internet or by submitting a properly signed proxy with a later date; or voting in person at the meeting.

Vote Required for the Proposals

The votes required to approve the proposals to be considered at the annual meeting are as follows:

Proposal 1 Election of Directors. The eight nominees for the board of directors receiving the highest number of affirmative votes cast at the meeting, in person or by proxy, will be elected as directors. You may vote FOR the nominees for election as directors, or you may WITHHOLD your vote with respect to one or more nominees. For purposes of determining whether a quorum exists for the meeting, if you return a proxy card or vote by telephone or over the Internet and withhold your vote from the election of all directors, your shares will be counted as present.

If the election of directors at this annual meeting is uncontested and any director receives a greater number of WITHHOLD votes than FOR votes, then pursuant to our Corporate Governance Policies, such director is required to submit a letter of resignation to the board of directors. The board of directors will ask the nominating and governance committee to consider the resignation and recommend the action the committee believes the board of directors should take with respect to such offer of resignation, including acceptance or rejection. Within 120 days of the stockholder meeting, the board of directors will act with respect to such offer of resignation.

Proposal 2 Advisory Vote to Approve Named Executive Officers Compensation. Approval of the non-binding, advisory vote on the compensation of the Company s named executive officers requires the affirmative vote of a majority of the shares present at the annual meeting, in person or by proxy, and entitled to vote on the proposal at the meeting. The board of directors will consider the outcome of the vote when making future decisions regarding the compensation of the Company s named executive officers. You may vote FOR, AGAINST, or ABSTAIN on the proposal to approve the compensation of the Company s named executive officers.

Proposal 3 Approval of the amended Lattice Semiconductor Corporation 2013 Incentive Plan. Approval of the amended Lattice Semiconductor Corporation 2013 Incentive Plan requires the affirmative vote of a majority of the total votes cast on the proposal (under applicable Nasdaq listing standards) and a majority of the shares present at the annual meeting, in person or by proxy, and entitled to vote on the proposal at the meeting (under Delaware law). You may vote FOR, AGAINST, or ABSTAIN, from the proposal to approve the amended Lattice Semiconductor Corporation 2013 Incentive Plan.

Proposal 4 Approval of the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan. Approval of the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan requires the affirmative vote of a majority of the total votes cast on the proposal (under applicable Nasdaq listing standards) and a majority of the shares present at the annual meeting, in person or by proxy, and entitled to vote on the proposal at the meeting (under Delaware law). You may vote FOR, AGAINST, or ABSTAIN from the proposal to approve the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan.

Proposal 5 Ratification of Appointment of Independent Registered Public Accounting Firm. Ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for the fiscal year ending December 29, 2018 requires the affirmative vote of a majority of the shares present at the annual meeting, in person or by proxy, and entitled to vote on the proposal at the meeting. If the appointment of KPMG LLP is not ratified, the audit committee will take the results of this vote under advisement in evaluating whether to retain KPMG LLP. You may vote FOR, AGAINST, or ABSTAIN from the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 29, 2018.

Quorum; Abstentions; and Broker Non-votes

A majority of the shares of common stock issued and outstanding on March 9, 2018, the record date for the annual meeting, present in person at the meeting or represented at the meeting by proxy, will constitute a quorum. A quorum must be present in order to hold the annual meeting and to conduct business. Your shares are counted as being present if you vote in person at the meeting, by telephone, over the Internet, or by submitting a properly executed proxy card.

Abstentions are counted as shares present at the meeting for purposes of determining whether a quorum exists. Abstentions have no effect on Proposal 1, the election of directors. Because abstentions will be included in tabulations of the votes cast and shares entitled to vote for purposes of determining whether a proposal has been approved, abstentions have the same effect as negative votes on Proposal 2, the approval of the Company s named executive officer compensation, on Proposal 3, the approval of the amended Lattice Semiconductor Corporation 2013 Incentive Plan, on Proposal 4, the approval of the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan, and on Proposal 5, the ratification of the appointment of our independent registered public accounting firm.

If your broker holds your shares in its name (also known as street name), the broker is not permitted to vote your shares if it does not receive voting instructions from you on any matters that are not discretionary matters. Shares that are not permitted to be voted by your broker are called broker non-votes. Under the Delaware General Corporation Law, broker non-votes count as being present for purposes of determining whether a quorum of shares is present at a meeting but are not counted for purposes of determining the number of votes cast for or against a proposal. Broker non-votes will have no effect on Proposal 1, the election of directors, because directors are elected by a plurality of the votes cast. Broker non-votes also will have no effect on Proposal 2, the approval of the Company s named executive officers compensation on an advisory basis, Proposal 3, the approval of the amended Lattice Semiconductor Corporation 2013 Incentive Plan, or Proposal 4, the approval of the amended Lattice Semiconductor Corporation 2011 Non-Employee Director Equity Incentive Plan, because broker non-votes will not be included in tabulations of votes cast and shares entitled to vote for purposes of determining whether a proposal has been approved. Broker non-votes will have no effect on Proposal 5, ratification of the appointment of our independent registered public accounting firm, because brokers or nominees have discretionary authority to vote on this proposal. We urge you to give voting instructions to your broker on all voting items.

PROPOSAL 1: ELECTION OF DIRECTORS

Our board of directors is currently comprised of ten members. Effective at the 2018 annual meeting of stockholders, the board of directors acted to reduce the number of directors serving on the board of directors from ten to eight. Pursuant to action by the nominating and governance committee of the board of directors, the Company will be nominating eight directors, named below, at the meeting, all to serve one-year terms ending in 2019. We will vote your shares as you specify when providing your proxy. If you do not specify how you want your shares voted when you provide your proxy, we will vote your shares for the election of the eight nominees listed below. If unforeseen circumstances (such as death or disability) make it necessary for the board of directors to substitute another person for the nominee, we will vote your shares for that other person.

The following briefly describes each of the nominees for director. In addition, a description of the specific experience, qualifications, attributes and skills that led our board of directors to conclude that each of the nominees should serve as a director follows the biographical information of each nominee below. Except as otherwise noted, each nominee has served in his or her principal occupation for at least ten years. Each of Messrs. Lederer, Major and Rangasayee (the New Directors) have been appointed to our board of directors pursuant to an Agreement, dated March 7, 2018 (the Agreement), between the Company and Lion Point Capital, LP, Lion Point Master, LP, Lion Point Capital GP, LLC, Lion Point Holdings GP, LLC, Didric Cederholm and Jim Freeman (collectively, the Lion Point Group). Pursuant to the Agreement, the Company (i) increased the size of the Company s board of directors by three directors, (ii) appointed Messrs. Lederer, Major and Rangasayee to fill the newly created vacancies, and (iii) appointed at least one New Director to the Nominating and Governance Committee and the Audit Committee. Pursuant to the Agreement, the Lion Point Group agreed to certain standstill commitments as previously disclosed in the Company s Form 8-K filed with the SEC on March 13, 2018. There are no arrangements or understandings between any director or nominee and any other person or entity other than the Company pursuant to which the director or nominee receives compensation in connection with that person s candidacy or service as a director. There are no family relationships among any of the nominees, our directors or executive officers. There are no material proceedings to which nominees, directors, executive officers or 5% stockholders are adverse to the Company. There have been no legal proceedings involving the nominees, directors or executive officers during the last ten years that the Company believes are material to such person s integrity or ability to serve as an officer or director.

<u>Nominees</u>

Robin A. Abrams, age 66, has served as a director of the Company since 2011. Ms. Abrams served as the Interim Chief Executive Officer of Zilog, Inc. from August 2006 to January 2007 and the Chief Executive Officer of Firefly Communications, Inc. from 2004 to 2006. In addition to leading several start-ups, Ms. Abrams also served as President and CEO of Palm Computing, Inc. Prior to Palm, she was President and CEO of VeriFone, a leading global debit/credit card authorization solutions provider. Ms. Abrams also held several key executive positions at Apple, including president of Apple Americas and managing director of Apple Asia. Previously, Ms. Abrams held senior product marketing positions at Norwest Bank (Wells Fargo) and Unisys. Ms. Abrams currently is a member of the boards of directors of FactSet Research, HCL Technologies Ltd., Sierra Wireless, Inc. and a private firm. Ms. Abrams served on the board of directors of Unwired Planet, Inc. (formerly Openwave Systems Inc.) from 2008 until 2013.

Ms. Abrams brings to the Company extensive executive management experience obtained at Fortune 500 companies, including experience managing operations in both Asia and the United States and experience in high technology. Ms. Abrams contributes valuable governance experience based on service on a number of public company boards.

Brian M. Beattie, age 64, has served as a director of the Company since July 2016. Mr. Beattie served as the Executive Vice President, Business Operations and Chief Administrative Officer of Synopsys, Inc. (Nasdaq: SNPS), until his retirement in December 2017 and as Chief Financial Officer for Synopsys from January 2006 to

December 2014. Prior to joining Synopsys, Mr. Beattie was Chief Financial Officer and Executive Vice President of Finance and Administration at SupportSoft, Inc. for 6 years and held various corporate, financial and operational roles at Nortel Networks over a 19 year period. Mr. Beattie served on the board of directors of Unwired Planet, Inc. (formerly Openwave Systems Inc.) from December 2010 until November 2012.

Mr. Beattie brings to the Company extensive financial and operational experience in the high technology company environment.

John Bourgoin, age 72, has served as a director of the Company since 2011. Mr. Bourgoin served as President and Chief Executive Officer of MIPS Technologies, Inc. from 1998 until his retirement in 2009. Previously, he had served as Senior Vice President of Silicon Graphics, Inc. from 1996 to 1998, where he established the intellectual property business model for MIPS and orchestrated the MIPS spin-out from Silicon Graphics. Mr. Bourgoin also was employed at Advanced Micro Devices, Inc., where he held various senior positions, including Group Vice President of Microprocessor Products. He also has extensive experience in the programmable logic industry, having served as the Vice President of AMD s Programmable Logic Division. Mr. Bourgoin served on the board of directors at Micrel, Inc. from May 2010 until August 2015.

Mr. Bourgoin brings to the Company extensive experience in semiconductor and related high technology management, including programmable logic. Mr. Bourgoin has experience in executive management, strategic business development, operations management and other management disciplines derived during his service as a senior executive and chief executive officer.

Mark E. Jensen, age 67, has served as a director of the Company since June 2013. Mr. Jensen served as an executive of Deloitte & Touche LLP until his retirement in June 2012. He held a variety of positions, including U.S. Managing Partner-Audit and Enterprise Risk Services, Technology Industry and U.S. Managing Partner-Venture Capital Services Group. Prior to joining Deloitte & Touche LLP, Mr. Jensen was the Chief Financial Officer of Redleaf Group. Earlier in his career, Mr. Jensen was an executive at Arthur Andersen LLP, which he joined in 1978, was admitted to the partnership in 1991, and served as the Managing Partner of the firm s Silicon Valley Office and leader of the firm s Global Technology Industry Practice. Mr. Jensen currently serves on the boards of directors of Control4 Corporation and ForeScout Technologies, Inc. Mr. Jensen served on the board of directors of Unwired Planet, Inc. (formerly Openwave Systems Inc.) from 2012 until 2015.

Mr. Jensen brings business experience in a number of high-tech industry segments and substantial financial expertise. Mr. Jensen has experience in executive management derived from his service as an executive officer, as the managing partner of a significant practice of a major accounting firm and service as a member of a public company board of directors.

James P. Lederer, age 57, has served as a director of the Company since March 2018. Mr. Lederer served as Executive Vice President and Officer of Qualcomm Technologies, Inc. and General Manager of Qualcomm CDMA Technologies (QCT), its semiconductor division from 2008 until his retirement in 2014. Prior to that role, he held a variety of senior management positions at Qualcomm, leading teams in finance, operations, supply chain, strategy, M&A, legal and product/program management functions beginning in 1997. Prior to joining Qualcomm, Mr. Lederer held various management positions at Motorola and General Motors. Mr. Lederer currently serves on the board of directors of Entegris, Inc. He holds a B.S. degree in Business Administration and an M.B.A. from the State University of New York at Buffalo, where he also serves on the Dean s Advisory Council for the School of Management.

Mr. Lederer brings to the Company more than 35 years of broad-ranging executive leadership experience, with over two decades focused on the semiconductor, mobile and wireless technology industries.

John E. Major, age 72, has served as a director of the Company since March 2018. Mr. Major is President of MTSG, a company that provides consulting, management and governance services, which he founded in 2003. From 2004 to 2006, he served as CEO of Apacheta Corp., a privately held mobile, wireless software company.

From 2000 until 2003, Mr. Major was chairman and CEO of Novatel Wireless Inc., a wireless data access solutions company. Prior to that, Mr. Major was chairman and CEO of Wireless Knowledge, a joint venture of Qualcomm Inc. and Microsoft Corp. Prior to joining Wireless Knowledge, Mr. Major served as corporate executive vice president of Qualcomm and president of its wireless infrastructure division. For approximately 18 years, he held various executive and leadership positions at Motorola Inc., the most recent of which was Senior Vice President and Chief Technology Officer. Mr. Major received a B.S. in Mechanical and Aerospace Engineering from the University of Rochester, an M.S. in Mechanical Engineering from the University of Illinois, an M.B.A. from Northwestern University and a J.D. from Loyola University. Mr. Major currently serves on the boards of directors of Lennox International, Inc., Littelfuse Inc., ORBCOMM Inc., Resonant Inc., and Pulse Electronics.

Mr. Major brings to the Company significant board experience and strong operational expertise at both public and private technology companies.

Krishna Rangasayee, age 48, has served as a director of the Company since March 2018. Mr. Rangasayee has more than 25 years of experience in the semiconductor industry and currently serves as Chief Operating Officer at Groq, a machine learning start-up. Previously, Mr. Rangasayee worked in various positions at Xilinx, Inc. until August 2017, including Senior Vice President and GM and Executive Vice President, Global Sales. He is a graduate of the National Institute of Technology in India, and has a M.S. in Electrical Engineering from Mississippi State University.

Mr. Rangasayee brings to the Company significant management experience with programmable logic technology.

D. Jeffrey Richardson, age 53, has served as a director since December 2014**.** Mr. Richardson joined LSI Corporation in 2005 and most recently served as Executive Vice President and Chief Operating Officer until the company s acquisition by Avago Technologies in May 2014. He earlier served as executive vice president of various LSI divisions, including the Semiconductor Solutions Group, Networking and Storage Products Group, Custom Solutions Group and Corporate Planning and Strategy. Before joining LSI, Mr. Richardson held various management positions at Intel Corporation, including Vice President and General Manager of Intel s Server Platforms Group, and the company s Enterprise Platforms and Services Division. Mr. Richardson s career also includes serving in technical roles at Altera Corporation; Chips and Technologies; and Amdahl Corporation. Mr. Richardson presently serves as a Director of Ambarella Corporation. From 2011 until 2013, Mr. Richardson served on the board of directors of Volterra Corporation.

Mr. Richardson brings extensive management experience in the high technology company environment, including operations, marketing, engineering and strategic transactions.

Required Vote

The nominees receiving the highest number of affirmative votes cast at the meeting, in person or by proxy, shall be elected as directors.

If the election of directors at this annual meeting is uncontested and any director receives a greater number of WITHHOLD votes than FOR votes, then pursuant to our Corporate Governance Policies, such director is required to submit a letter of resignation to the board of directors. The board of directors will ask the nominating and governance committee to consider the resignation and recommend the action the committee believes the board of directors should take with respect to such offer of resignation, including acceptance or rejection. Within 120 days of the stockholder meeting, the board of directors will act with respect to such offer of resignation.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF ROBIN A. ABRAMS, BRIAN M. BEATTIE, JOHN BOURGOIN, MARK E. JENSEN, JAMES P. LEDERER, JOHN E. MAJOR, KRISHNA RANGASAYEE, AND D. JEFFREY RICHARDSON

AS DIRECTORS OF THE COMPANY.

CORPORATE GOVERNANCE AND OTHER MATTERS

Director Independence

The board of directors has determined that each of our directors, except for Mr. Billerbeck who retired effective March 16, 2018, is independent within the meaning of the applicable rules and regulations of the SEC and the director independence standards of the Nasdaq Stock Market, LLC. (Nasdaq), as currently in effect. Furthermore, the board of directors has determined that each of the members of each of the committees of the board of directors is independent under the applicable rules and regulations of the SEC and the director independence standards of Nasdaq, as currently in effect.

Annual Meeting Attendance

Although we do not have a formal policy regarding attendance by members of the board of directors at our annual meetings of stockholders, directors are encouraged to attend. Ms. Abrams, Mr. Bourgoin, Mr. Jensen and Mr. Billerbeck, our former President and Chief Executive Officer, who retired from the board of directors effective March 16, 2018, attended the last annual meeting of stockholders.

Board Meetings and Committees

In fiscal 2017, the board of directors held a total of 8 meetings. The independent directors meet regularly without the presence of management. Mr. John Bourgoin, in his capacity as Chairman of the Board of Directors, led meetings of independent directors in fiscal 2017. Each of our current directors attended or participated in 100% of the total number of meetings of the board of directors and 100% of the total number of meetings held by all committees of the board of directors on which such director served, except for Messrs. Lederer, Major and Rangasayee, who were appointed effective March 13, 2018.

Our board of directors currently has three standing committees: the audit committee, the compensation committee, and the nominating and governance committee. Each of these committees operates under a written charter adopted by the board of directors. Copies of each of the committee charters are available on our website at the following address: http://ir.latticesemi.com/phoenix.zhtml?c=117422&p=irol-govHighlights. In December 2015, our board of directors organized a strategic alternatives committee to evaluate strategic options for the Company to maximize stockholder value.

The board has elected to maintain a leadership structure with an independent director serving as the chairman. Although we recognize that different board leadership structures may be appropriate for companies in different situations and believe that no one structure is suitable for all companies, we believe our current board leadership structure is optimal for the Company as it provides for strong independent exercise of the board s oversight responsibilities.

Audit Committee

The Company has a separately designated standing audit committee. The audit committee oversees the accounting and financial reporting process and the external audit process of the Company and assists the board of directors in the oversight and monitoring of (i) the integrity of the financial statements of the Company, (ii) the internal accounting and financial controls of the Company, (iii) compliance with legal and regulatory requirements, and (iv) the qualifications, performance, and independence of the Company s independent registered public accounting firm. In this capacity, the audit committee is responsible for appointing, approving the compensation of, and overseeing the work of the independent registered public accounting firm. In addition, the audit committee reviews and approves all work performed by the independent registered public accounting firm. The audit committee meets regularly with management and with our independent registered public accounting firm, which has access to the audit committee without the presence of management representatives.

During fiscal 2017, the audit committee was composed of, Mr. Jensen (chairman of the committee), Mr. Beattie, and Mr. Richardson. The audit committee met 7 times in fiscal 2017. Mr. Lederer was appointed to the audit committee in March 2018. Our board of directors has determined that the audit committee members meet the financial literacy requirements under applicable Nasdaq rules and that Mr. Jensen qualifies as an audit committee financial expert under applicable SEC rules.

It is management s responsibility to manage risk on a daily basis and bring to the board of directors attention the most material risks to the Company. Although the board of directors has overall responsibility for oversight of risk management with a focus on the most significant risks facing the Company, the board has delegated to the audit committee responsibility for establishment with the Company s management of a process by which the material risks facing the Company are identified. Each quarter, the committee receives a risk update from management, comprised of a list of major risks faced by the Company and the status of actions taken to mitigate those risks. Throughout the year, the board and the audit committee dedicate a portion of their meetings to review and discuss specific risk topics in greater detail. The audit committee also routinely meets with various Company compliance personnel to obtain a periodic assessment of compliance issues facing the Company.

Compensation Committee

The compensation committee evaluates and, subject to obtaining the agreement of all the independent directors, approves our chief executive officer s compensation, approves the compensation of our other executive officers, and reviews succession planning for the chief executive officer position. The committee also administers our equity plans and handles other compensation issues. During fiscal 2017, the compensation committee was composed of Mr. Herb (chairman of the committee), Mr. Bourgoin, and Mr. Weber. The compensation committee met 5 times in fiscal 2017. Messrs. Lederer and Rangasayee were appointed to the compensation committee in March 2018.

The compensation committee, comprised of directors who satisfy the applicable independence requirements of Nasdaq, the SEC, and the Internal Revenue Code, reviews, approves, and administers our executive compensation program. As set forth in the committee charter, the role of the compensation committee is to act for the board of directors to oversee the compensation of our chief executive officer and other executive officers, and to oversee the executive officer compensation plans, policies, and programs of the Company. The committee also oversees our employee equity incentive plans, and reviews and approves equity grants to our employees.

The compensation committee annually evaluates and, subject to obtaining the agreement of all the independent directors, approves the chief executive officer s compensation, including (i) the annual base salary, (ii) the annual cash-based variable compensation program, including the specific goals and target award amounts, (iii) equity compensation, (iv) any employment agreement, severance arrangement, or change in control agreement/provision, and (v) any other benefits, compensation, or arrangements. The compensation committee reviews and approves corporate goals and objectives relevant to the compensation of the chief executive officer, evaluates his performance in light thereof, and considers other factors related to the performance of the Company, including accomplishment of the Company s long-term business and financial goals.

The compensation committee also annually evaluates and approves for the other executive officers of the Company (i) the annual base salary, (ii) the annual cash-based variable compensation program, including the target award amounts, (iii) equity compensation, (iv) any employment agreement, severance arrangement, or change in control agreement/provision, and (v) any other benefits, compensation, or arrangements. The compensation committee consults with the chief executive officer regarding the specific goals established for the other executive officers in connection with the annual cash-based variable compensation program.

The compensation committee also reviews compensation and benefits plans affecting employees in addition to those applicable to executive officers. We have determined that it is not reasonably likely that compensation policies and practices for our employees would have a material adverse effect on the Company. The full board considers strategic risks and opportunities and regularly receives detailed reports from the committees regarding risk oversight in their areas of responsibility.

The compensation committee has the authority to retain its own compensation consultants and outside legal, accounting, and other advisers at the Company s expense. Such consultants and advisers report directly to the compensation committee and the committee has the authority to approve the fees payable to such advisers by the Company and other terms of retention. The compensation committee does not delegate its authority to such consultants or advisers. In fiscal 2017, the compensation committee engaged the services of Compensia, Inc., a compensation consulting firm, and has considered such firm s input in evaluating compensation trends and best practices, identifying peer group companies and benchmarking compensation data, and other aspects of administering the Company s executive compensation program and equity compensation programs. Compensia, Inc. serves at the discretion of the compensation committee. The work performed for the Company by Compensia, Inc. has not raised any conflict of interest.

Nominating and Governance Committee

The nominating and governance committee identifies qualified persons to become directors; recommends candidates for all vacant directorships to be filled by the board of directors or by the stockholders; reviews and evaluates the performance of the board of directors and each committee of the board of directors; makes recommendations to the board of directors for nominees to the committees of the board of directors; and oversees compliance with our corporate governance policies. During fiscal 2017, the nominating and governance committee was composed of, Ms. Abrams (chair of the committee), Mr. Herb and Mr. Richardson. The nominating and governance committee met 4 times in fiscal 2017. Mr. Major was appointed to the nominating and governance committee in March 2018.

The nominating and governance committee believes that each of the Company s directors should have certain minimum personal qualifications, including the following:

- professional competence, expertise, and diversity of background that is useful to the Company;
- the desire and ability to serve as a director, and to devote the time and energy required to fulfill the responsibilities of the position successfully;
- character, judgment, experience, and temperament appropriate for a director; and
- independence, together with personal and professional honesty and integrity of the highest order.

The committee evaluates candidates for nomination on the basis of their individual qualifications, and also on the basis of how such individuals would provide valuable perspective or fill a need on the board of directors. Factors in such determination include:

- the current size and composition of the board of directors;
- the independence of the board of directors and its committees;
- the presence on the board of directors of individuals with expertise in areas useful to the Company;

- the diversity of individuals on the board of directors, including their personal characteristics, experiences, and backgrounds;
- the number of other boards on which the candidate serves; and
- such other factors as the committee or the board of directors consider significant.

The committee believes that it is necessary for each of the Company s directors to possess many qualities and skills. The committee typically seeks individuals with extensive experience and who bring a broad range of competencies to the role. When searching for new candidates, the committee considers the evolving needs of both the Company and the board and searches for candidates that fill any current or anticipated future gap. The committee also focuses on issues of diversity, such as diversity of education, professional experience, and differences in viewpoints and skills. The committee does not have a formal policy with respect to diversity;

however, the board and the committee believe that it is essential that the Board members represent diverse viewpoints. In considering candidates for the board, the committee considers the entirety of each candidate s credentials in the context of these standards. With respect to the nomination of continuing directors for re-election, an individual s contributions to the Board are also considered.

The nominating and governance committee will consider candidates for our board of directors who have been suggested by its members, other members of the board of directors, our senior management, individuals personally known to members of our board, and our stockholders. From time to time, the committee may solicit proposals for candidates from interested constituencies, or may use paid third-party search firms to identify candidates.

Under the terms of its charter, the committee is obligated to consider in good faith any candidate recommended by one or more of our ten largest unaffiliated stockholders of record, provided that, in the committee s judgment, the candidate satisfies the criteria for board service set forth in the committee s charter. The committee evaluates candidates in the same manner regardless of how such candidates are brought to the attention of the committee.

Stockholders who wish to submit names of candidates for our board of directors for consideration by the nominating and governance committee should do so in writing, addressed to the nominating and governance committee, c/o Secretary, Lattice Semiconductor Corporation, 111 SW 5th Ave., Suite 700, Portland, Oregon 97204, and should include the following information:

- a statement that the writer is a stockholder and is proposing a candidate for consideration by the committee (if the stockholder believes that they are one of our ten largest unaffiliated stockholders, then the stockholder should include language to this effect in their statement);
- the name and contact information for the candidate;
- a statement of the candidate s occupation and background, including education and business experience;
- information regarding each of the factors listed above, sufficient to enable the committee to evaluate the candidate;
- a statement detailing (i) any relationship or understanding between the candidate and the Company, or any customer, supplier, competitor, or affiliate of the Company; and (ii) any relationship or understanding between the candidate and the stockholder proposing the candidate for consideration, or any affiliate of such stockholder; and
- a statement that the candidate is willing to be considered for nomination by the committee and willing to serve as a director if nominated and elected.

Additional information may be requested by the committee as appropriate.

In addition, our bylaws permit stockholders to nominate individuals to stand for election to our board of directors at an annual stockholders meeting. Stockholders wishing to submit nominations must notify us of their intent to do so on or before the date specified under Stockholder Proposals Other Stockholder Proposals and Director Nominations. Such notice must include the information specified in our bylaws, a copy of which is available from our corporate secretary upon written request.

Strategic Alternatives Committee

In December 2015, our board of directors organized a strategic alternatives committee to evaluate strategic options for the Company to maximize stockholder value. The strategic alternatives committee presently consists of Mr. Beattie (Chairman), Mr. Jensen, and Mr. Richardson. In 2017, the strategic alternatives committee held a total of 10 meetings.

Stockholder Communications with the Board of Directors

Stockholders may communicate with the board of directors by writing to us c/o Secretary, Lattice Semiconductor Corporation, 111 SW 5th Ave., Suite 700, Portland, Oregon 97204. Stockholders who would like their submission directed to a member of the board of directors may so specify, and the communication will be forwarded, as appropriate.

Audit Committee Report

The responsibilities of the audit committee are fully described in the audit committee charter. Management is responsible for maintaining our financial controls and preparing our financial reports. Our independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements and our internal control over financial reporting in accordance with generally accepted auditing standards and for issuing audit reports. The audit committee s responsibility is to execute the audit committee charter and oversee these processes. In fulfilling its responsibilities, the audit committee has reviewed and discussed the audited financial statements contained in our Annual Report on Form 10-K for the year ended December 30, 2017 with management and our independent registered public accounting firm.

The audit committee discussed with our independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees, adopted by the Public Company Accounting Oversight Board and Rule 2-07 of Regulation S-X, Communications with Audit Committees. In addition, the audit committee has received the written disclosures and the letter from our independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence, and has discussed with our independent registered public accounting firm the independent accountant s independence from Lattice and our management.

Based upon the audit committee s discussions with management and our independent registered public accounting firm and the audit committee s review of the representations of management, the report of our independent registered public accounting firm, and the information referenced above, the audit committee recommended that the board of directors include the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 30, 2017, for filing with the SEC.

Audit Committee

Mark E. Jensen, Chairman

Brian M. Beattie

D. Jeffrey Richardson

PROPOSAL 2: ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

We are asking stockholders to approve a non-binding advisory resolution on the Company s named executive officer compensation as disclosed in this proxy statement. As described below in the Executive Compensation Compensation Discussion and Analysis section of this proxy statement, the compensation committee has structured our executive compensation program to attract, motivate and retain highly qualified employees, to align our executives interests with those of our stockholders and to provide our executives with certain additional compensation when superior financial results are achieved. The compensation committee and the board of directors believe that the compensation policies and procedures articulated in the Compensation Discussion and Analysis section of this proxy statement are effective in achieving our goals.

We urge stockholders to read the Executive Compensation section of this proxy statement beginning on page 14 of this proxy statement, including the Compensation Discussion and Analysis that discusses our named executive compensation for fiscal 2017 in more detail, as well as the Summary Compensation Table and other related compensation tables, notes and narrative, appearing on pages 14 through 39 of this proxy statement, which provide detailed information on the compensation of our named executive officers.

In accordance with recently adopted Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking stockholders to approve the following resolution at the 2018 annual meeting of stockholders:

RESOLVED, that the stockholders of Lattice Semiconductor Corporation (the Company) approve, on a non-binding advisory basis, the compensation of the Company s named executive officers as disclosed in the proxy statement for the Company s 2018 annual meeting of stockholders.

Although this proposal, commonly referred to as a say-on-pay vote, is an advisory vote that will not be binding on the board of directors or the compensation committee, the board of directors and the compensation committee will consider the results of this advisory vote when making future decisions regarding our named executive officer compensation programs. Stockholders have an opportunity to cast such an advisory vote annually, therefore, your next opportunity to do so will be at the 2018 annual meeting of stockholders.

THE BOARD OF DIRECTORS RECOMMENDS THAT

THE STOCKHOLDERS VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS,

OF THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS.

EXECUTIVE COMPENSATION

The Executive Officers of the Company

The following individuals currently serve as our executive officers:

Glen Hawk, 56, joined the Company as Corporate Vice President and Chief Marketing Officer on May 4, 2015 and was appointed to the new role of Chief Operating Officer on November 6, 2015. Mr. Hawk was named as Interim Chief Executive Officer effective March 16, 2018. Prior to joining the Company, Mr. Hawk served as Vice President and General Manager of the NAND Solutions Group at Micron Technology. Before joining Micron in May 2010, Mr. Hawk was Vice President, General Manager of the Embedded Business Group at Numonyx and was at Intel for 22 years in both engineering and business functions, including General Manager of Intel s Flash Products Group. Mr. Hawk started his career at Monolithic Memories developing Programmable Array Logic technologies.

Maxwell J. Downing, 52, joined the Company as Vice President, Finance and Corporate Controller in July 2012 and became Interim Chief Financial Officer effective April 2, 2016 and was appointed to Corporate Vice President and Chief Financial Officer effective February 22, 2017. Prior to joining the Company, Mr. Downing served as Corporate Controller at Novellus Systems, Inc. from September 2007 to July 2012. Mr. Downing held various finance controller positions at Intel Corporation from September 2000 to September 2007. Prior to joining Intel Corporation, Mr. Downing held auditing and management positions at KPMG.

Byron W. Milstead, 61, joined the Company in May 2008 as Corporate Vice President, General Counsel, and Corporate Secretary. In January 2013, Mr. Milstead additionally was appointed to serve as President and General Manager of Lattice SG Pte. Ltd., the Company s wholly-owned sales and distribution subsidiary in Singapore. Prior to joining the Company, Mr. Milstead served as Senior Vice President and General Counsel of Credence Systems Corporation from December 2005 to May 2008. Mr. Milstead served as Vice President and General Counsel of Credence Systems Corporation from November 2000 until December 2005. Prior to joining Credence Systems Corporation, Mr. Milstead practiced law at the Salt Lake City office of Parsons Behle & Latimer and the Portland offices of both Bogle and Gates and Ater Wynne.

Compensation Discussion and Analysis

Compensation Philosophy

We believe that executive compensation arrangements and practices should be clear and unambiguous, and should be fully approved by the compensation committee and disclosed to stockholders. We endeavor to attract, motivate and retain highly qualified employees, to align our executives interests with those of our stockholders, and to provide our executives with certain additional compensation when superior financial results are achieved.

We believe our senior management has the highest potential to impact our business results, and thus, variable, performance-based cash compensation should constitute a higher percentage of our executives overall potential cash compensation. We also believe that senior management performance should be measured primarily by business results that are linked to stockholder interests.

We strive to maintain an egalitarian culture in which the compensation programs offered to all employees are aligned to ensure consistent effort to achieve financial and operational goals, and thus, to increase stockholder value. We believe that senior management should be held to the same standards as other employees. Therefore, we offer only limited enhanced benefits to senior management, and only with a direct business purpose.

We believe that cash-based variable compensation of executive officers should be directly linked to our short-term or annual performance, while longer-term incentives, such as equity compensation, should be aligned with the objective of enhancing stockholder value over the long term. We believe the use of equity compensation strongly links the interests of Company management to the interests of our stockholders.

In addition, we believe that our total compensation packages must be competitive with other companies in our industry to ensure that we can continue to attract, retain, and motivate the senior executives who we believe are critical to our long-term success. We believe that we can accomplish our executive compensation goals while maintaining appropriate levels of internal pay equity, both between the chief executive officer and other executives, and between executives and other non-executive employees.

Comparisons to Market Data

Until September 13, 2017, the Company was party to an Agreement and Plan of Merger (as amended, the Merger Agreement) with Canyon Bridge Acquisition Company, Inc., a Delaware corporation, and Canyon Bridge Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary, providing for acquisition of the Company by Canyon Bridge during fiscal 2017. The Merger Agreement contained operating covenants that restricted changes to the compensation of the Company s executive officers during the pendency of the transaction, which was subject to certain closing conditions including clearance by the Committee on Foreign Investment in the United States (CFIUS) under the Defense Production Act of 1950, as amended. As a result of these operating covenants, no adjustments were made to the base salaries and annual cash-based incentive compensation targets of Company executives during fiscal 2017.

After the termination of the Merger Agreement, as part of its process for reviewing and approving executive compensation during fiscal 2017, the compensation committee used market data for a peer group principally comprised of mid-sized technology companies with significant operations in California and Oregon. Due to consolidating acquisitions among mid-sized technology companies, the compensation committee reconstituted our peer group in 2017. Market data was collected and analyzed with the assistance of Compensia, Inc. Peer group comparisons were judged in part with reference to the relative size and financial performance of the Company and the members of the peer group.

For reviewing and approving executive compensation during fiscal 2017, the peer group consisted of the following companies:

Alpha & Omega Semiconductor Ltd.

Ambarella Inc.

Diodes Incorporated

Ichor Holdings Ltd.

Inphi Corporation

MaxLinear, Inc.

Mellanox Technologies, Ltd.

Nanometrics Incorporated

NeoPhotonics Corporation

Power Integrations, Inc.

Rambus Inc.

Semtech Corporation

Silicon Laboratories, Inc.

The compensation committee analyzed the market data primarily to ensure that the executive compensation program as a whole was competitive with compensation programs at peer group companies. The compensation committee did not generally target a specific position in the range of market data for each individual executive or for each component of compensation. In determining the amounts of each component of compensation for each executive officer, the compensation committee considered its judgment as to executive s level of responsibility, prior experience, past job performance, contribution to the Company s success, capability and results achieved, and reviewed the benchmark data. The compensation committee did not generally apply formulas or assign these factors specific mathematical weights, but rather exercised its business judgment and discretion.

Fiscal 2017 Executive Compensation

The principal components of fiscal 2017 executive compensation are base salary, annual cash-based incentive compensation, and long-term equity incentive compensation.

In reviewing the fiscal 2017 compensation package for the chief executive officer and the Company s other named executive officers, the compensation committee considered all components of the officers compensation. Based on the factors discussed above, the compensation committee has determined that the total compensation of the chief executive officer and the other named executive officers of the Company, including the potential payouts in the case of severance and change of control arrangements, were reasonable and not excessive.

Base Salary

Base salaries for our named executive officers for fiscal 2017 were set based on competitive factors including the need to attract and retain and motivate superior performance by our executive officers, the historic salary structure for various levels of responsibility within the Company and the experience of the executive officer. The compensation committee periodically conducts surveys of companies in our industry in order to determine whether our executive base salaries are in a competitive range. The compensation committee s review of salaries for 2017 indicated that the average of our executive salaries fell between the 10^{th} and 80^{th} percentile of salaries for comparable positions at peer companies. In reviewing the base salary for the Company s chief executive officer for fiscal 2017, the compensation committee reviewed survey data relating to peer companies in our industry and determined that the salary fell between the 35th and 40th percentile of salaries for this position. The compensation committee intends in the future to continue to review and to make annual adjustments to the base salary of the chief executive officer during its regularly scheduled board meeting during the first fiscal quarter to generally align the base salary of the chief executive officer to salaries paid to comparable officers at peer companies and in connection with the review of executive officer and other employee performance.

Annual Cash-based Incentive Compensation

The Company s annual cash incentive compensation program is intended to align executive officer interests with our short-term corporate strategy and correlate pay with the achievement of short-term Company objectives and financial performance.

For fiscal 2017, the chief executive officer, other executive officers, and other members of senior management, including corporate vice presidents, together with all other employees of the Company were eligible to participate in the Company s 2017 Cash Incentive Plan (the 2017 Plan). Under the 2017 Plan, individual cash incentive payments for the chief executive officer and other executive officers were based both on Company financial performance, as measured by achievement of operating income (before incentive plan accruals and certain acquisition related costs) and revenue goals within specified ranges established by the compensation committee, and corporate management objective performance, as measured by the achievement of quarterly and annual management objectives, with each of these components potentially affecting the cash incentive award. The compensation committee determined the performance of the Company in fulfillment of certain corporate management objectives recommended by the chief executive officer and approved by the compensation committee during the first fiscal quarter of 2018. The corporate management objectives related to achievement of certain financial performance, product development, customer development operational efficiency and organizational development targets.

In setting the 2017 Plan award target amounts for the named executive officers for fiscal 2017, the compensation committee considered the overall affordability of the 2017 Plan and considered the industry market data provided by the compensation consultant.

The 2017 Plan required that the Company achieve a certain level of profitability on an anuual GAAP operating basis, or there would be no payments under the 2017 Plan. Under the 2017 Plan, the aggregate target cash awards for all executive management participants in the 2017 Plan, including the chief executive officer, other executive officers, and other members of senior management, including corporate vice presidents, totaled approximately $1.7 million, and the aggregate maximum cash award for all participants at 100% achievement of their incentive targets was approximately $12.1 million, based on headcount at adoption. Four levels of Company financial performance were projected (labeled L2, L3, L4 and L5 in the table below) as reflected in the GAAP operating income and revenue targets that were required to be met for the 2017 Plan to fund at each of the four levels, assuming 90% achievement of management objectives. In addition, the compensation committee provided that, in connection with payments under the 2017 Plan, the aggregate amount of payments under the 2017 Plan could not exceed 28% of GAAP operating income before accruals for 2017 Plan payments and before certain acquisition related expenses. If company performance fell between two performance levels (such as between L3 and L4), the 2017 Plan was to be funded on a curve. In addition, pursuant to the terms of the 2017 Plan and applicable employment agreements, all employees, including the chief executive officer, other executives and corporate vice presidents, were eligible to receive incentives under the 2017 Plan equal to not more than 200% of their target incentives in the event that the targets for each level were achieved.

2017 Plan Company Financial Performance Structure (Annual Figures)

	L2	**L3**	**L4**	**L5**
GAAP Operating Income	$ 50.8M	$ 61.2M	$ 72.2M	$ 86.4M
Revenue	$ 400M	$ 460M	$ 520M	$ 560M
Budget Pool Executives and Other Management	$ .9M	$ 1.7M	$ 2.6M	$ 3.4M
Budget Pool Other Employees	$ 5.1M	$ 10.4M	$ 15.5M	$ 18.8M
Executive Plan Element Funding Levels (% of Annual Target)	50%	100%	150%	200%

The Company s operating income for fiscal 2017 (before accrual and payment of incentives under the 2017 Plan and certain acquisition related expenses) was approximately $29.7 million, the Company s revenue for fiscal 2017 was approximately $385 million and the achievement of corporate management objectives was 85%, resulting in a payment under the 2017 Plan to the personnel other than the chief executive officer, other executive officers and corporate vice presidents of $4.3 million under the 2017 Plan based on achievement of quarterly targets applicable to personnel other than the chief executive officer, other executive officers and corporate vice presidents and management objectives determined by the compensation committee. The compensation committee determined that the pendency of the proposed merger transaction with Canyon Bridge and associated compliance with Merger Agreement operating covenants had delayed the Company s implementation of operating expense reduction measures and affected GAAP operating income. Based in part on this determination, the committee exercised its discretion to increase the bonus payments to all personnel including the chief executive officer, other executive officers and corporate vice presidents to 68.3% of annual target. The Company paid to the personnel other than the chief executive officer, other executive officers and corporate vice presidents an additional $1.7 million under the 2017 Plan as a discretionary increase. The aggregate amount paid to the chief executive officer, other executives and corporate vice presidents under the 2017 Plan was $.9 million.

Long-Term Equity Incentive Compensation

The Company s equity incentive plans are intended to motivate and reward the achievement of long-term Company performance and to motivate and retain key personnel. In fiscal 2017, the compensation committee engaged the services of Compensia, Inc. to review the Company s equity compensation programs. Based on this review and other deliberations, the compensation committee determined to continue its practice of granting a blend of options and RSUs in connection with its annual grants in fiscal 2017. The compensation committee established a potential grant value for each named executive officer, including the chief executive officer revised to reflect the Company s commitment to a burn rate cap on annual equity grants. The compensation committee intends these grants to be competitive with similar grants to named executive officers by companies in our peer group based on our valuation of the grants using the Black-Scholes valuation model.

The compensation committee determined that twenty-five percent (25%) of the long-term incentive compensation of the chief executive officer should have vesting tied to achievement of the targets that reflect the Company s commitment to increase shareholder value. The compensation committee has also determined that twenty-five percent (25%) of equity grants made to the Company s other named executive officers similarly should incorporate performance based vesting criteria. For 2017, the compensation committee determined to provide for awards that vest based on the relative performance of the market value of the Company s common stock compared to an index of other semiconductor companies. In fiscal 2017, the compensation committee made annual replenishment grants during its regularly scheduled board meeting during the fourth fiscal quarter. For 2017, 2016 and 2015, the compensation committee granted performance based stock options that vest based on the computation of the 60-day trailing average of the Company s stock price at the end of the two year measurement period divided by the 60-day trailing average of the Company s stock price at the beginning of the measurement period. Using this ratio, the performance will be compared with similar ratios for each company in the SOXX index and the percentile rank determined. Performance based stock options will vest at the target grant amount where the Company s performance meets or exceeds the performance of the 50th percentile of the peer group up to a maximum of 200% of the target grant amount for maximum performance. The determination period for the performance-based stock options granted in 2015 ended on February 6, 2017. During the determination period for the performance-based stock options granted in 2015, the increase in the price of the company s common stock measured as required by the grant conditions ranked the Company 17th among the 25 companies in the SOXX index. Accordingly, under the 2015 grant, each named executive officer earned a number of stock options equal to thirty-three percent (33%) of the target grant amount.

Certain Executive Officer and Other Compensation Polices

Equity Compensation Plans Prohibit Repricing Stock Options Without Stockholder Approval

The Company s 2013 Incentive Plan, 2011 Non-Employee Director Equity Incentive Plan and 1996 Stock Incentive Plan expressly prohibit the repricing of stock options without stockholder approval.

Stock Ownership and Retention Requirements

In 2011, the Board adopted the requirement under the Company s Corporate Governance Policies that the Company s chief executive officer, not more than five years after the date of initial employment, maintain ownership of the Company s stock equal in value to three times the chief executive officer s base salary.

Restitution or Recovery Policy

Since 2011, the Company s Corporate Governance Policies have provided that the Company will seek to recover, at the direction of the compensation committee after it has considered the costs and benefits of doing so, and to the extent permitted by applicable law, incentive compensation awarded or paid to an executive officer of the Company for a fiscal period if the result of a performance measure upon which the award was based or paid is subsequently restated or otherwise adjusted in a manner that would reduce the size of the award or payment.

Other Executive Benefit Arrangements and Gross Ups

In 2011, the compensation committee adopted a policy eliminating the payment of all tax gross-ups for the Company s executive officers except for tax gross-ups for relocation expenses.

Accounting and Tax Considerations

In determining the compensation programs, practices and packages offered to the Company s executive officers for fiscal 2017, the compensation committee took into consideration the accounting and tax effects of each component of compensation and aims to keep the compensation expenses associated with such programs, practices and packages within reasonable levels.

Under Section 162(m) of the Internal Revenue Code and related regulations of the Internal Revenue Service, the Company generally receives a federal income tax deduction for compensation paid to our chief executive officer and our other named executive officer (who is not our chief financial officer) only if the compensation is less than $1 million during any year. Prior to the recent tax reform effected through the adoption of the Tax Cuts and Jobs Act on December 27, 2017, compensation that is performance-based under Section 162(m) was excluded from this limitation. Our 1996 Stock Incentive Plan, 2001 Stock Incentive Plan and 2013 Incentive Plan were designed to permit our compensation committee to grant stock options and other equity compensation awards that are performance-based and thus fully tax-deductible to the Company. Effective for taxable years beginning after December 31, 2017, compensation paid to our named executive officers in excess of $1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. We expect to pay compensation to our executive officers that may not be deductible when, for example, we believe such compensation is appropriate and in the best interests of the stockholders, after taking into consideration changing business conditions and/or the executive s performance.

Results of 2017 Stockholder Advisory Approval of Named Executive Officer Compensation

At the Company s 2017 annual meeting of stockholders, we requested our stockholders to approve, on an advisory (non-binding) basis, the compensation of the Company s named executive officers for fiscal 2016 as reported in the proxy statement for the 2017 annual meeting of stockholders. The Company s stockholders expressed substantial support for the named executive officers compensation, with approximately 96.16% of the shares present and entitled to vote for approval, on an advisory basis, of this say-on-pay proposal. Because of this high level of support expressed by our stockholders, the compensation committee has continued to apply a similar approach for named executive officers compensation decisions and policies.

2017 Summary Compensation Table

The following table sets forth summary information concerning compensation for our named executive officers, which includes our CEO, our CFO, each individual who served in such capacities during our fiscal year ended December 30, 2017, and our other executive officers for fiscal 2017.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensa-tion ($)	All Other Compensa-tion ($)(2)	Total ($)
Billerbeck, Darin G.	2017	500,000	517,000(3)	1,068,797	1,617,319	0	8,537	3,712,153
President and CEO	2016	500,000	0	881,760	907,990	175,000	28,428	2,493,178
	2015	497,567	1,000(4)	999,997	999,902	60,554	7,565	2,566,585
Downing, Maxwell J.	2017	275,000	193,912(3)	332,882	375,315	0	2,134	1,179,243
Corporate Vice President and CFO(4)	2016	270,148	1,745(4)	114,466	102,229	30,735	2,000	521,323
Milstead, Byron W.	2017	334,084	384,117(3)	214,535	241,806	0	78,795	1,112,051
Corporate VP & General	2016	305,565	0	193,776	198,871	72,345	81,679	852,236
Counsel(5)	2015	279,351	0	200,001	199,982	22,224	86,509	788,066
Hawk, Glen	2017	360,000	284,410(3)	407,220	458,973	0	3,853	1,514,456

Corporate Vice President and	2016	360,000	0	247,104	255,291	94,500	22,621	979,515
COO(6)	2015	242,308	0	0	1,119,627	0	12,590	1,374,525

(1) This amount represents the aggregate grant date fair value computed in accordance with the requirements of FASB ASC Topic 718, excluding the effect of any estimated forfeitures. Amounts shown do not reflect compensation actually received by the named executive officer. The assumptions used to calculate the value

of the option awards are set forth in Note 18 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended December 30, 2017.

(2) Additional information regarding the amounts provided in this column for 2017 is provided in the 2017 All Other Compensation Table that follows this table.

(3) Consists of a discretionary bonus awarded to Company executives for their work in connection with the Agreement and Plan of Merger, as amended, with Canyon Bridge Acquisition Company, Inc., a Delaware corporation, and Canyon Bridge Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary, providing for the potential acquisition of the Company by Canyon Bridge and a discretionary bonus awarded to Company executives based on the impact of that transaction on the achievement of the Non-equity Incentive Plan operating income targets.

(4) Mr. Downing became Interim Chief Financial Officer effective April 2, 2016 and was appointed to serve as a Corporate Vice President and Chief Financial Officer effective February 22, 2017.

(5) Mr. Milstead also serves as President and General Manager of Lattice SG Pte Ltd., the Company s wholly owned sales and distribution subsidiary in Singapore. Mr. Milstead s compensation for fiscal 2017, 2016, and 2015 includes compensation paid both for his service as Corporate VP & General Counsel of Lattice Semiconductor Corporation and President & General Manager of Lattice SG Pte. Ltd. Amounts paid to Mr. Milstead in Singapore dollars have been converted to U.S. dollars using the exchange rate in effect on the last day of the applicable fiscal year.

(6) Mr. Hawk joined the Company as Corporate Vice President and Chief Marketing Officer on May 4, 2015 and was appointed to the new role of Chief Operating Officer on November 6, 2015. Mr. Hawk was appointed as Interim Chief Executive Officer effective March 16, 2018.

2017 All Other Compensation Table

The following table sets forth information concerning items included in the All Other Compensation column of the Summary Compensation Table for the fiscal year ended December 30, 2017.

Name	Supplemental Life Insurance/ Disability Premiums ($)	Additional Group Life Insurance Premiums ($)	Other ($)	Total ($)
Billerbeck, Darin G. President & CEO	5,699	2,838	0	8,537
Downing, Maxwell J. Corporate VP & CFO	754	1,380	0	2,134
Milstead, Byron W. Corporate VP & General Counsel	7,972	111	70,712(1)	78,795
Hawk, Glen Corporate VP & COO(2)	1,015	2,838	0	3,853

(1) Consists of an apartment and home office in Singapore at an aggregate incremental cost to the Company of $58,187 and a local transportation allowance of $12,525.

(2) Mr. Hawk was appointed as Interim Chief Executive Officer effective March 16, 2018.

2017 Grants of Plan-Based Awards Table

The following table sets forth information regarding plan-based awards granted during the fiscal year ended December 30, 2017 to each of our named executive officers.

	Type of Award	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Thres-hold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units(#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($ / Sh)	D V S Aw
, Darin G. & CEO	Cash Incentive Plan Award		0	500,000	1,000,000							
	RSU Grant	10/18/2017							210,300(2)		5.73	1
	Stock Option	10/18/2017								256,500(3)	5.73	
	Option Performance Grant	10/18/2017				0	177,900	355,800(4)			5.73	
	RSU Grant	11/03/2017							70,000(5)		5.89	
Maxwell J. VP & CFO	Cash Incentive Plan Award		0	137,500	275,000							
	RSU Grant	10/18/2017							65,500(2)		5.73	
	Stock Option	10/18/2017								79,900(3)	5.73	
	Option Performance Grant	10/18/2017				0	55,400	110,800			5.73	
Byron W. VP & ounsel	Cash Incentive Plan Award		0	206,700	413,400							
	RSU Grant	10/18/2017							42,200(2)		5.73	
	Stock Option	10/18/2017								51,500(3)	5.73	
	Option Performance Grant	10/18/2017				0	35,700	71,400(4)			5.73	
en	Cash Incentive Plan Award		0	270,000	540,000							

VP &

RSU Grant	10/18/2017				80,100(2)		5.73
Stock Option	10/18/2017					97,700(3)	5.73
Option Performance Grant	10/18/2017	0	67,800	135,600(4)			5.73

(1) Fair value as of the grant date was determined in accordance with ASC 718, excluding the effect of any estimated forfeitures. The assumptions used to calculate the value of the option awards are set forth in Note 18 in the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 30, 2017.

(2) These RSUs vest at the rate of 25% of the total RSUs as of one year from the grant date, and at the rate of 6.25% of the total RSUs as of the end of each three-month period thereafter.

(3) These stock options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total options shares as of the end of each three-month period thereafter.

(4) These stock options vest between 0% and 200% of the target amount, based on a computation comparing the Company s stock price performance compared to companies listed on the SOXX index. Specifically, the 60-day trailing average of the Company s stock price at the end of the two year measurement period divided by the 60-day trailing average of the Company s stock price at the beginning of the measurement period. Using this ratio, the performance will be compared with similar ratios for each company in the SOXX index and the percentile rank determined. Performance based stock options will vest at the target grant amount where the Company s performance meets or exceeds the performance of the 50th percentile of the peer group. The grant date fair values of these stock options were determined and fixed on the date of grant using a Lattice-based option-pricing valuation model, which incorporates a Monte-Carlo simulation, and considered the likelihood that we would achieve the market condition.

(5) These RSUs vest at the rate of 50% of the total RSUs as of one year from the grant date, and the remaining 50% one year thereafter.

(6) Mr. Hawk was appointed as Interim Chief Executive Officer effective March 16, 2018.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Amounts in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for fiscal years 2015 and 2016 represent payments of awards under our Cash Incentive Plan for each of those years. Each named executive officer s potential award was based on a specified percentage of his annual base salary and the potential award increases when and if a named executive officer s annual base salary increases. Payments under our Cash Incentive Plan are made annually based on the achievement of the goals applicable to the year.

Please see the section entitled Compensation Discussion and Analysis above for more information about our Cash Incentive Plan for fiscal 2017.

Amounts in the Bonus column of the Summary Compensation Table represent any service and patent bonuses paid to the executive officers under a broad-based employment policy and discretionary bonuses approved by the compensation committee. Other elements of executive compensation include participation in a broad-based life and disability insurance program, broad-based medical benefits, and the ability to defer compensation pursuant to a broad-based 401(k) plan that provided matching contributions in fiscal 2017. The Company does not maintain a pension plan or any other defined benefit retirement plans.

The Company provides certain supplemental life and disability insurance coverage to executive officers and certain other members of senior management. Because the Company negotiates these insurance arrangements on a bulk basis, such insurance coverage, whether issued on a group basis or individually underwritten, is obtained by the Company at rates that are likely to be better than those obtainable by individuals seeking comparable insurance coverage on their own. The premiums paid by the Company for such supplemental insurance are considered a taxable benefit to the employee.

The principal equity component of executive compensation historically has been our employee stock option program. In past years, stock options were typically granted when an executive joined us and on an annual basis thereafter under a replenishment program. Initial stock option grants vest over a period of four years. The purpose of the annual replenishment program is to ensure that our executives always have options that vest in increments over a subsequent four-year period. Stock options are also occasionally granted for promotions or other special achievements. Stock options provide a means of retention and motivation for our executives and also align their interests with long-term stock price appreciation.

All stock option grants have a per share exercise price equal to the fair market value of our stock on the date of grant and a seven-year term. The Company has not granted, nor does it intend in the future to grant, equity-based compensation awards (stock options and/or restricted stock units) to executives in anticipation of the release of material nonpublic information that is likely to result in changes to the price of our stock, such as a significant positive or negative earnings announcement. Similarly, the Company has not timed, nor does it intend in the future to time, the release of material nonpublic information based on equity award grant dates.

Separation Agreement

In connection with his retirement effective March 16, 2018, the Company and Mr. Billerbeck executed a Separation Agreement that provided for a $1.0 million cash severance payment, the vesting of equity awards as required under the terms of his Employment Agreement, the vesting of 35,000 restricted stock units and reimbursement for up to 12 months of health care. The agreement includes a release of claims against the Company, and certain non-compete, non-solicitation and non-disparagement provisions that will remain in effect for 12 months following his termination date.

CEO Employment Agreement

Effective November 8, 2010, in connection with the hiring of Mr. Billerbeck as the President and Chief Executive Officer, the Company entered into an employment agreement with Mr. Billerbeck, which sets forth terms and provisions governing Mr. Billerbeck s employment as President and Chief Executive Officer. Key terms of Mr. Billerbeck s agreement that relate to the information disclosed in the Summary Compensation Table and Grants of Plan-Based Awards Table are as follows:

Salary. Mr. Billerbeck receives a base salary at an annual rate of not less than $500,000, which the compensation committee of the Board of Directors must review at least annually and may increase at its discretion.

Annual Incentive. Mr. Billerbeck is eligible for an annual incentive bonus of at least 100% of his base salary (or such higher figure as the compensation committee may select (the Target Bonus) upon the achievement of specific milestones to be established by Mr. Billerbeck and the compensation committee no later than 45 days after the start of each fiscal year. Mr. Billerbeck s maximum annual incentive bonus equals 200% of his Target Bonus.

Other Executive Agreements

In 2015, the Company entered into a Short Term Assignment Letter of Understanding with Byron W. Milstead, our Corporate Vice President, General Counsel and Secretary relating to his posting in Singapore pursuant to which the Company agreed to provide Mr. Milstead with additional benefits and compensation to facilitate his relocation from the United States and the conduct of his duties in Singapore. In 2016, the Company s Singapore affiliate entered into an employment agreement with Mr. Milstead in connection with his permanent employment by that Company.

2017 Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth information with respect to all unexercised options and unvested stock grants as of the fiscal year ended, December 30, 2017, that have been previously awarded to the named executive officers.

	Option Awards					Stock Awards	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards; Number of Securities Underlying Unexercised Unearned Options (#) (15)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(**)**
Billerbeck, Darin G.						6,162(1)	35,616
President & CEO	480,000(2)	0		4.64	2/5/2020	51,230(6)	296,109
	433,683(3)	28,913		7.10	2/11/2021	104,375(5)	603,288
	136,235(4)	61,926		6.10	2/6/2022	210,300(23)	1,215,534
	45,769(7)	0	0	6.10	2/6/2022	70,000(24)	404,600
	75,750(8)	126,250		5.28	5/13/2023		
	0(9)		139,900	5.28	5/13/2023		
	0(21)	256,500		5.73	10/18/2024		
	0(22)	0	177,900	5.73	10/18/2024		
Downing, Maxwell J.	6,563(10)	0		3.54	8/2/2019		
Corporate VP & CFO	25,305(19)	0		5.40	3/25/2020	589(14)	3,404
	20,528(11)	1,369		7.54	3/21/2021	5,609(15)	32,420
	19,685(12)	15,311		5.85	7/9/2022	13,384(16)	77,360
	14,725(13)	32,398		5.88	7/19/2023	65,500(23)	378,590
	0(21)	79,900		5.73	10/18/2024		
	0(22)		55,400	5.73	10/18/2024		
Milstead, Byron W.	9,294(16)	0		6.30	2/1/2018		
Corporate VP &	18,876(18)	0		6.43	3/30/2019	1,410(14)	8,150
General Counsel	31,343(19)	0		5.40	3/25/2020	10,246(7)	59,222
	49,153(11)	3,277		7.54	3/21/2021	22,938(5)	132,582
	27,247(4)	12,385		6.10	2/6/2022	42,200(23)	243,916
	9,154(7)		0	6.10	2/6/2022		
	16,500(8)	27,500		5.28	5/13/2023		
	0(9)		30,800				
	0(21)	51,500		5.73			
	0(22)		35,700	5.73			

Hawk, Glen	306,875(20)	184,125		6.21	5/7/2022	29,250(5)	169,065
Corporate VP &	21,375(8)	49,875		5.28	5/13/2023	80,100(23)	462,978
COO(25)	0(9)		39,200	5.28	5/13/2023		
	0(21)	97,700		5.73	10/18/2024		
	0(22)		67,800	5.73	10/18/2024		

** The market value of shares that have not vested was determined based on the fair market value of the Company s common stock as of December 29, 2017, the last business day of fiscal 2017.

(1) These RSUs were granted on February 11, 2014. The RSUs vest at the rate of 25% of the total RSUs as of one year from the grant date, and at the rate of 6.25% of the total RSUs as of the end of each three-month period thereafter.
(2) These stock options were granted on February 5, 2013. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and 6.25% of the total option shares as of the end of each three-month period thereafter.
(3) These stock options were granted on February 11, 2014. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(4) These stock options were granted on February 6, 2015. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(5) These RSUs were granted on May 13, 2016. The RSUs vest at the rate of 25% as of one year from the grant date, and 6.25% as of the end of each three-month period thereafter.
(6) These RSUs were granted on February 6, 2015. The RSUs vest at the rate of 25% of the total RSUs as of one year from the grant date, and at the rate of 6.25% of the total RSUs as of the end of each three-month period thereafter.
(7) These performance stock options were granted on February 6, 2015. These stock options vest on the grant date upon achievement of the performance conditions.
(8) These stock options were granted on May 13, 2016. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(9) These performance stock options were granted on May 13, 2016. These stock options vest on the grant date upon achievement of the performance conditions.
(10) These stock options were granted on August 2, 2012. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(11) These stock options were granted on March 21, 2014. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(12) These stock options were granted on July 9, 2015. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(13) These stock options were granted on July 19, 2016. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(14) These RSUs were granted on March 21, 2014. The RSUs vest at the rate of 25% as of one year from the grant date, and 6.25% as of the end of each three-month period thereafter.
(15) These RSUs were granted on July 9, 2015. The RSUs vest at the rate of 25% as of one year from the grant date, and 6.25% as of the end of each three-month period thereafter.
(16) These RSUs were granted on July 19, 2016. The RSUs vest at the rate of 25% as of one year from the grant date, and 6.25% as of the end of each three-month period thereafter.
(17) These stock options were granted on February 1, 2011. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(18) These stock options were granted on March 30, 2012. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(19) These stock options were granted on March 25, 2013. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.

(20) These stock options were granted on May 7, 2015. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(21) These stock options were granted on October 18, 2017. The options vest at the rate of 6.25% of the total option shares as of three months from the grant date, and at the rate of 6.25% of the total option shares as of the end of each three-month period thereafter.
(22) These performance stock options were granted on October 18, 2017. These stock options vest on the grant date upon achievement of the performance conditions.
(23) These RSUs were granted on October 18, 2017. The RSUs vest at the rate of 25% as of one year from the grant date, and 6.25% as of the end of each three-month period thereafter.
(24) These RSUs were granted on November 3, 2017. These RSUs vest at the rate of 50% of the total RSUs as of one year from the grant date, and the remaining 50% one year thereafter.
(25) Mr. Hawk was appointed as Interim Chief Executive Officer effective March 16, 2018.

2017 Option Exercises and Stock Vested Table

The following table sets forth information for the fiscal year ended December 30, 2017 with respect to the shares acquired pursuant to option exercises and shares acquired on vesting of RSUs for the named executive officers.

	Option Awards		**Stock Awards**	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(2)**
Billerbeck, Darin G. President & CEO	42,793	499,902	128,256	855,601
Downing, Maxwell J. Corporate VP and CFO	0	0	12,453	80,798
Milstead, Byron W. Corporate VP & General Counsel	0	0	28,583	188,718
Hawk, Glen Corporate VP & COO(4)	0	0	17,550	118,170

(1) The value realized on exercise was determined based on the difference between the fair market value on the date of exercise and the exercise price before tax withholding.
(2) The value realized on vesting was determined based on the fair market value of the Company s common stock on the date of vesting.
(3) Mr. Hawk was appointed as Interim Chief Executive Officer effective March 16, 2018.

Potential Payments upon Termination or Change-in-Control

Darin G. Billerbeck

Upon Mr. Billerbeck s retirement on March 16, 2018 and pursuant to a Separation Agreement, dated March 12, 2018, he received $1.0 million cash severance payment, the vesting of equity awards through May 31, 2019, the vesting of

35,000 restricted stock units and reimbursement for up to 12 months of health insurance premiums.

Under Mr. Billerbeck s employment agreement, Mr. Billerbeck was entitled to receive a lump sum amount equal to (i) Mr. Billerbeck s then base salary, plus Mr. Billerbeck s then target bonus amount, plus (ii) if he elects to continue health insurance coverage under COBRA, the amount of his monthly premium until the earlier of twelve months after the termination date or the date he commences receiving substantially equivalent coverage

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in connection with new employment, and to become immediately vested in all of his outstanding equity awards as if he continued service with the Company for an additional 12 months, subject to Mr. Billerbeck entering into (and not subsequently revoking) a separation agreement and release of claims, and agreeing to certain non-compete, non-solicitation and non-disparagement provisions that would be in effect for 12 months following his termination date.

Other Named Executive Officers

The following paragraphs describe the terms of the employment agreements between the Company and each of Mr. Downing, Mr. Hawk and Mr. Milstead that provide for payment of benefits to our named executive officers at, following, or in connection with, any termination of such named executive officer s employment with the Company.

The Company entered into employment agreements with Mr. Milstead in May 2008 and with Mr. Hawk in November 2015, in connection with hiring each of them or their continuing employment. The Company entered into an employment agreement with Mr. Downing in October 2017 in connection with his promotion to Chief Financial Officer. Under the terms of each employment agreement with each of Mr. Milstead, Mr. Hawk, and Mr. Downing, in the event that the officer s employment is terminated by the Company without cause (as defined in each agreement) or by the officer for Good Reason (as defined in the agreements), the Company will pay a lump sum amount equal to the officer s then base salary, plus a pro-rata portion of the officer s then target bonus amount to each of Mr. Milstead, Mr. Hawk or Mr. Downing. Additionally, if the officer elects to continue health insurance coverage under COBRA, the Company will pay the amount of his monthly premium until the earlier of 12 months after the termination date or the date he commences receiving substantially equivalent coverage in connection with new employment.

In the event that the officer s employment is terminated by the Company without cause or by the officer for Good Reason, and such termination occurs immediately prior to a change in control or within 24 months following the change in control, then the officer will immediately fully vest in all of his outstanding equity awards. Additionally, the Company will pay the officer a lump sum amount equal to the officer s then base salary, plus the officer s then target bonus amount, plus the amount of health insurance coverage under COBRA as described earlier.

The severance benefits will be subject to the officer entering into (and not subsequently revoking) a separation agreement and release of claims, and agreeing to certain non-compete, non-solicitation and non-disparagement provisions that would be in effect for 12 months following his termination date.

The following table provides information regarding the amounts that would have been owed to our current named executive officers if their employment with the Company had been terminated as of December 29, 2017, the last business day of our fiscal year ended December 30, 2017.

Name	Basis of Termination	Accrued Unpaid Salary ($)	Unreimbursed Business Expenses ($)	Severance Payment ($)	Continuation of Insurance Benefit ($)	Accelerated Vesting of Stock Options and Restricted Stock Units ($)
Downing, Maxwell J.	Voluntary Termination	10,577	3,605	0	0	0
	Terminated without Cause or Termination by Employee with Good Reason	10,577	3,605	0(1)		0
Corporate VP & CFO	Within 24 months after Change in Control, Terminated without Cause or Termination by Employee with Good Reason	10,577	3,605	412,500(2)	25,378	$ 273,249(3)
Hawk, Glen	Voluntary Termination	13,846	123	0	0	0
Corporate VP & COO(4)	Terminated without Cause or Termination by Employee with Good Reason	13,846	123	630,000(1)	18,054	
	Within 24 months after Change in Control, Terminated without Cause or Termination by Employee with Good Reason	13,846	123	630,000(2)	18,054	$ 427,078(3)
Milstead, Byron W.	Voluntary Termination	1,223	3,878	0	0	0
	Terminated without Cause or Termination by Employee with Good Reason	1,223	3,878	524,700(1)	23,414	0
Corporate VP & General Counsel	Within 24 months after Change in Control, Terminated without Cause or Termination by Employee with Good Reason	1,223	3,878	524,700(2)	23,414	$ 318,160(3)

(1) This amount is equal to 1.0 times the executive officer s base salary plus 1.0 times the executive officer s target cash award (without any pro rata reduction due to the month of the hypothetical termination because the plan year had been completed) under the 2017 Cash Incentive Plan.

(2) This amount is equal to 1.0 times the executive officer s base salary plus 1.0 times the executive officer s target cash award (without any pro rata reduction) under the 2017 Cash Incentive Plan.

(3) These amounts represent the aggregate value of the in-the-money stock options that would have become exercisable and RSUs that would have vested as a result of acceleration of vesting provided for in each executive officer s employment agreement if, within 24 months following a change in control, the Company had terminated the executive officer without cause or if the executive officer had terminated his employment with Good Reason on December 29, 2017, the last business day of our fiscal year ended December 30, 2017. The closing price of our common stock on December 29, 2017 was $5.78.

(4) Mr. Hawk was appointed as Interim Chief Executive Officer effective March 16, 2018.

CEO Pay Ratio

As required by the Dodd-Frank Act, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of Mr. Darin G. Billerbeck, our Chief Executive Officer (our CEO).

For 2017, our last completed fiscal year:

The median of the annual total compensation of all employees of our company (other than our CEO), was $71,439.

The annual total compensation of our CEO was $3,712,153.

For 2017, based on this information, the annual total compensation of Mr. Billerbeck, our Chief Executive Officer and President, was 52.0 times that of the median of the annual total compensation of all employees.

To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of the median employee, we used the following methodology:

We determined that, as of December 30, 2017, our employee population consisted of approximately 845 individuals working at our parent company and consolidated subsidiaries, with 39.4% of these individuals located in the United States and 60.6% located in various countries.

To identify the median employee from our employee population, we selected simplified total compensation, measured using our internal payroll and accounting records for 2017, as the most appropriate measure of compensation. Simplified total compensation consists of the sum of the three major pay elements received by all employees in 2017:

- Salary or base pay paid during 2017,
- Cash bonus, which consists of all cash bonus payments paid during 2017, and
- Equity compensation, which consists of the grant date fair value of equity compensation awards granted during 2017 calculated according to ASC Topic 718, excluding any estimated forfeitures.

Using this methodology, we determined that the median employee was a full-time, salaried employee located in the US, with a simplified total compensation for 2017 in the amount of $70,290.

We identified and calculated the elements of the annual total compensation of the median employee for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of $71,439. The difference between such employee s simplified total compensation and the employee s annual total compensation represents additional compensation in the form of cash payment for peer-to-peer bonus awards and the amount of group term life insurance premiums paid by the Company.

We used the amount reported in the Total column (column (j)) of our 2017 Summary Compensation Table included in this Proxy Statement for the annual total compensation of our CEO.

DIRECTOR COMPENSATION

2017 Director Compensation Table

The following table sets forth information concerning compensation of our non-employee directors for the fiscal year ended December 30, 2017.

Name	Fees Earned in Cash ($)	Stock Awards ($)(9)	Total ($)
Bourgoin, John	85,000(1)	119,999	204,999
Abrams, Robin A.	70,000(2)	119,999	189,999
Beattie, Brian M.	55,000(3)	119,999	174,999
Herb, Robert R.	75,000(4)	119,999	194,999
Jensen, Mark E.	75,000(5)	119,999	194,999
Richardson, D. Jeffrey	60,000(6)	119,999	179,999
Weber, Frederick D.	55,000(7)	119,999	174,999

(1) Includes a $30,000 retainer for serving as chairman of the board, a $45,000 retainer for serving as a member of the board of directors and a $10,000 retainer for serving as a member of the compensation committee.

(2) Includes a $10,000 retainer for serving as an observer of the audit committee, a $15,000 retainer for serving as chair of the nominating and governance committee, and a $45,000 retainer for serving as a member of the board of directors.

(3) Includes a $10,000 retainer for serving as a member of the audit committee and a $45,000 retainer for serving as a member of the board of directors.

(4) Includes a $15,000 retainer for serving as the chair of the compensation committee, a $10,000 retainer for serving as a member of the strategic alternatives committee, a $5,000 retainer for serving as a member of the nominating and governance committee, and a $45,000 retainer for serving as a member of the board of directors.

(5) Includes a $20,000 retainer for serving as the chair of the audit committee, a $10,000 retainer for serving as a member of the strategic alternatives committee, and a $45,000 retainer for serving as a member of the board of directors.

(6) Includes a $10,000 retainer for serving as a member of the audit committee, a $5,000 retainer for serving as a member of the nominating and governance committee, and a $45,000 retainer for serving as a member of the board of directors.

(7) Includes a $10,000 retainer for serving as a member of the compensation committee and a $45,000 retainer for serving as a member of the board of directors.

(8) The amounts provided in this column represent the full grant date fair value of the restricted stock unit awards (Messrs. Bourgoin, Beattie, Herb, Jensen, Richardson, Weber and Ms. Abrams) granted pursuant to our 2011 Non-Employee Director Equity Incentive Plan to each director and former director in the fiscal year ended December 30, 2017, determined in accordance with ASC 718, excluding the effect of any estimated forfeitures. The aggregate number of unvested RSU awards outstanding under our 2001 Outside Directors Stock Option Plan or our 2011 Non-Employee Director Equity Incentive Plan for each director as of the Company s fiscal year end, December 30, 2017, is as follows: Ms. Abrams 17,291, Mr. Beattie 17,291, Mr. Bourgoin 17,291, Mr. Herb 17,291, Mr. Jensen 17,291, Mr. Richardson 17,291 and Weber 17,291. In prior years, directors received stock options under our 2001 Outside Directors Stock Option Plan or our 2011 Non-Employee Director Equity Incentive Plan. The aggregate number of option awards outstanding for each director as of the Company s fiscal year end, December 30, 2017, is as follows: Ms. Abrams 90,000, Mr. Bourgoin 90,000, Mr. Beattie 68,744,

Mr. Herb 90,000, Mr. Jensen 90,000, Mr. Richardson 53,918, and Mr. Weber 60,639.

Narrative Discussion to 2017 Director Compensation Table

RSU and option grants were awarded in 2017 to our non-employee directors under the Company s 2011 Non-Employee Director Equity Incentive Plan. Outside directors receive an initial grant of stock options valued at $150,000 on the date of the director s election or appointment to the board of directors. The first grant becomes exercisable in installments cumulatively with respect to 1/3 of the optioned stock on each of the first three anniversaries of the grant date thereafter, so that 100% of the optioned stock shall be exercisable on the third anniversary of the date of grant, provided that the director continues to serve as a director on such dates. The options have a term of ten years. Directors also automatically receive an RSU award at the board of directors meeting following each annual meeting of stockholders for a number of shares of common stock determined by dividing $120,000 by the fair market value of a share of the common stock on the grant date, which grants shall vest and become payable with respect to 100% of the RSUs on the first anniversary of the grant date, provided that the director continues to serve as a director on such dates. In the event of a change in control, unvested RSUs and options held by our non-employee directors generally become vested and exercisable or payable in full effective immediately prior to the change in control.

The Company compensates its non-employee directors by paying an annual retainer for service on the board of directors and its standing committees. Each director receives a cash retainer of $45,000 per year for service on the Board, the chairperson of the board of directors receives an annual retainer of $30,000, and the chairpersons of the audit, compensation, nominating and governance committees receive annual retainers of $20,000, $15,000 and $15,000, respectively. Committee members receive annual retainers of $10,000 for the audit, compensation and strategic alternatives committees, and $5,000 for the nominating and governance committee.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of our compensation committee during 2017 were Mr. Bourgoin, Mr. Herb, and Mr. Weber. None of the members of the committee was or is one of our officers or employees, nor has any member of the committee had any relationship requiring disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed with management the Compensation Discussion and Analysis to be included in this proxy statement filed pursuant to Section 14(a) of the Exchange Act. Based on the reviews and discussions referred to above, we recommended to the board of directors that the Compensation Discussion and Analysis referred to above be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 30, 2017 and this proxy statement for the 2018 annual meeting of stockholders.

Compensation Committee

Robert R. Herb, Chairman

John Bourgoin

Frederick D. Weber

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During fiscal years 2017, 2016 and 2015, we paid approximately $2.7 million, $2.5 million and $2.4 million, respectively to Synopsys, Inc. for new and renewed license arrangements. Mr. Beattie, then Executive Vice President, Business Operations, and Chief Administrative Officer of Synopsys, Inc. was appointed to our Board effective July 3, 2016. Mr. Beattie received no direct compensation from the transactions with Synopsys, Inc. Mr. Beattie retired from Synopsys, Inc. in December 2017. The Company has determined that the transactions were entered into in the normal course of business and are consistent with prior periods.

The Company s published Code of Conduct provides that as a general rule, employees should avoid conducting Company business or entering into any Company business agreements or arrangements with a relative or significant other, or with a business in which a relative or significant other has an influential role, and any other business agreements or arrangements that would be considered a related party transaction.

Under the Company s Code of Conduct, if a related party transaction is to be entered into, it must be fully disclosed to the chief financial officer in advance, and if determined to be material by the Chief Financial Officer, the transaction must be reviewed and approved in advance by the audit committee of the board of directors. Any related party transactions involving the Company s directors or executive officers are, by definition, material, and as such, must be reviewed and approved, in writing and in advance, by the audit committee.

Any approved related party transactions must be structured and conducted in a manner such that no preferential treatment is given to the related party.

In addition, the Company s published Director Code of Ethics provides that no director may receive any material personal profit or advantage in connection with any transaction involving the Company without disclosure and pre-approval of the chairman of the nominating and governance committee (or other member of the nominating and governance committee, if the director in question is the chairman). Furthermore, no director may have a material personal or family financial interest in any Company supplier, customer, reseller or competitor that might cause divided loyalty, or the appearance of divided loyalty, without advance disclosure and approval by the nominating and governance committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL

OWNERS AND MANAGEMENT

The following table sets forth, as of March 9, 2018 (except as otherwise indicated), information about (i) persons known to us to be the beneficial owners of more than five percent of our outstanding common stock, (ii) each nominee, (iii) each current director and named executive officer, and (iv) all current directors and executive officers as a group. The address for each of our executive officers and directors or nominees is 111 SW 5th Ave., Suite 700, Portland, Oregon 97204

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (# of Shares)(1)	Percent of Class
Ameriprise Financial, Inc. 145 Ameriprise Financial Center Minneapolis, MN 55474	19,893,429(2)	16.13%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	9,784,506(3)	7.93%
NWQ Investment Management Company, LLC 2049 Century Park East, 16th Floor Los Angeles, CA 90067	7,951,075(4)	6.45%
Lion Point Master, LP 250 West 55th Street, 33rd Floor New York, New York 10019	7,664,095(5)	6.2%
BlackRock, Inc. 55 E. 52nd Street New York, NY 10022	7,596,718(6)	6.2%
Darin G. Billerbeck, former Director, President & CEO	1,801,418(7)	1.45%
John Bourgoin, Director	198,417(8)	*
Robin A. Abrams, Director	198.417(9)	*
Byron W. Milstead, Corporate Vice President & General Counsel	200,264(10)	*

Glen Hawk, interim CEO, Vice President & COO	420,010(11)	*
Downing, Maxwell J., Corporate Vice President & CFO	138,431(12)	*
Mark E. Jensen, Director	161,434(13)	*
Robert R. Herb, Director	159,235(14)	*
D. Jeffery Richardson, Director	101,988(15)	*
Frederick D. Weber, Director	100,657(16)	*
Brian Beattie, Director	40,206(17)	
James Lederer	0(18)	*
John Major	0(18)	*
Krishna Rangasayee	0(18)	*
All directors and executive officers as a group (14 persons)	3,520,477(19)	2.83%

* Less than one percent.

(1) Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares, subject to community property laws where applicable.

(2) Based solely on information contained in a Schedule 13G/A which was jointly filed on February 2, 2018 by Ameriprise Financial, Inc., and its affiliates, Columbia Management Investment Advisers, LLC, and Columbia Seligman Communications & Information Fund. According to this Schedule 13G/A, Ameriprise Financial, Inc. possessed shared voting power over 19,664,658 shares and shared dispositive power over 19,893,429 shares, Columbia Management Investment Advisers, LLC possessed shared voting power over 19,664,658 shares and shared dispositive power over 19,887,180 shares, and Columbia Seligman Communications & Information Fund possessed sole voting and shared dispositive power over 13,920,477 shares.

(3) Based solely on information contained in a Schedule 13 G/A filed on February 9, 2018 by The Vanguard Group, which reported sole voting power as to 243,153 shares, sole dispositive power as to 9,545,075 shares, and shared dispositive power as to 239,431 shares.

(4) Based solely on information contained in a Schedule 13G/A filed on February 14, 2018 by NWQ Investment Management Company, LLC, which reported sole voting and dispositive power as to 7,951,075 shares.

(5) Based solely on information contained in a Schedule 13D which was jointly filed on February 5, 2018, as amended by Schedule 13D/A which was jointly filed on March 9, 2018 by Lion Point Master, LP, Lion Point Capital GP, LLC, Lion Point Capital, LP, Lion Point Holdings GP, LLC, Didric Cederholm, and Jim Freeman.

(6) Based solely on information contained in a Schedule 13G/A filed on January 25, 2018 by BlackRock, Inc., which reported sole voting power as to 7,343,984 shares and sole dispositive power as to 7,596,718 shares.

(7) Mr. Billerbeck resigned effective March 16, 2018. Includes 1,274,387 shares exercisable under options and 10,246 RSUs vesting within 60 days of March 9, 2018.

(8) Includes 90,000 shares exercisable under options.

(9) Includes 90,000 shares exercisable under options.

(10) Includes 170,611 shares exercisable under options and 3,459 RSUs vesting within 60 days of March 9, 2018. Mr. Milstead disclaims beneficial ownership of 1,527 shares, 36,610 shares exercisable under options constructively transferred by Mr. Milstead to his former spouse pursuant to a judgment of dissolution of marriage.

(11) Includes 407,144 shares exercisable under options.

(12) Includes 109,854 shares exercisable under options and 2,018 RSUs vesting within 60 days of March 9, 2018.

(13) Includes 90,000 shares exercisable under options.

(14) Includes 90,000 shares exercisable under options.

(15) Includes 53,918 shares exercisable under options.

(16) Includes 60,639 shares exercisable under options.

(17) Includes 22,915 shares exercisable under options.

(18) Elected to the board of directors effective March 13, 2018.

(19) The number of shares beneficially owned by all of our current directors and executive officers as a group includes 2,458,429 shares exercisable under options and 15,367 RSUs vesting within 60 days of March 9, 2018.

Equity Compensation Plan Information

The following table summarizes information, as of December 30, 2017, with respect to shares of our common stock that may be issued under our existing equity compensation plans.

	(A) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(B) Weighted average exercise price of outstanding options, warrants and rights	(C) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A))
	(in thousands except per share amounts)		
Equity compensation plans:			
Approved by security holders	15,552(1)	$ 5.77(2)	3,567(3)
Not approved by security holders	0	0	0
Total(4)	15,552	$ 5.77	3,567

(1) Consists of shares of our common stock issuable upon exercise of options or payment of RSUs granted under the 1996 Stock Incentive Plan, the 2001 Stock Plan, the 2013 Incentive Plan, the 2001 Outside Directors Stock Option Plan and the 2011 Non-Employee Director Equity Incentive Plan, or assumed by us in connection with mergers and acquisitions. As of December 30, 2017, 306,670 shares of our common stock were issuable upon exercise or vesting of those assumed options and RSUs. We are unable to ascertain with specificity the number of securities to be issued upon exercise of outstanding rights under our 2012 Employee Stock Purchase Plan.

(2) The weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding RSUs, which have no exercise price. The weighted average exercise price also excludes the rights outstanding under our 2012 Employee Stock Purchase Plan.

(3) Includes approximately 1,901,000 shares reserved for issuance under our 2012 Employee Stock Purchase Plan, which provides that shares of our common stock may be purchased at a per share price equal to 85% of the fair market value of the common stock on the beginning of the six-month offering period or a purchase date applicable to such offering period, whichever is lower. Also includes approximately 2,944,000 shares reserved for issuance under our 2013 Incentive Plan, which may be granted pursuant to stock options, stock appreciation rights, stock awards or restricted stock or units. Also includes approximately 373,000 shares reserved for issuance under our 2011 Non-Employee Director Equity Incentive Plan, which may be granted pursuant to stock options, restricted stock, or restricted stock units. Does not include the additional shares to be reserved for issuance under our amended 2013 Incentive Plan or our amended 2011 Non-Employee Director Equity Incentive Plan for which we are requesting shareholder approval pursuant to Proposal 3 and Proposal 4, respectively.

(4)

The weighted-average exercise price does not take into account the shares issuable upon vesting of outstanding RSUs, which have no exercise price. The weighted average exercise price also excludes the rights outstanding under our 2012 Employee Stock Purchase Plan.

(5) The table above shows our outstanding equity awards as of fiscal year end 2017. The weighted-average exercise price for outstanding options assumed by us in connection with mergers and acquisitions is $4.75 per share.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership on Form 3 and changes in ownership on

Form 4 or Form 5 with the SEC. Such officers, directors and 10% stockholders are also required by SEC rules to furnish us with copies of all forms they file pursuant to Section 16(a).

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that, for fiscal 2017, all Section 16(a) filing requirements applicable to our officers, directors and 10% stockholders were complied with.

PROPOSAL 3: APPROVAL OF THE AMENDED LATTICE SEMICONDUCTOR CORPORATION 2013 INCENTIVE PLAN

We are seeking stockholder approval of our amended 2013 Incentive Plan.

Subject to stockholder approval and upon recommendation of the compensation committee, our board of directors recently amended the 2013 Incentive Plan, to increase by 4,600,000 shares (from 14,040,000 shares to 18,640,000 shares) the number of shares of our common stock available for issuance under the 2013 Incentive Plan, and to make certain other changes, including the following:

- Adding a 2.2-to-1 fungible share ratio for full value awards;
- Reducing to seven years the maximum term for stock options and stock appreciation rights;
- Applying the minimum one-year vesting schedule to all awards;
- Eliminating the committee s discretion to waive performance-based conditions on awards other than in the case of death or disability; and
- Prohibiting payment of dividends or equivalents on awards while they remain unvested.

In order to continue to have an appropriate supply of shares for equity incentives to recruit, hire and retain the talent required to successfully execute our business plans, the board of directors believes that we will need an additional 4,600,000 new shares to be available under the 2013 Incentive Plan. As of March 9, 2018, we had 3,087,596 shares available under the 2013 Incentive Plan and 124,211,710 shares of our common stock outstanding. The additional shares to be authorized for issuance under the 2013 Incentive Plan represent approximately 4.59% of our outstanding shares of common stock. Although the additional 4,600,000 new shares to be available under the 2013 Incentive Plan will increase the potential dilution to stockholders represented by Lattice s equity compensation programs, our board of directors and compensation committee believe that the potential dilution represented by our equity compensation programs and the new shares to be authorized for issuance under the 2013 Incentive Plan is reasonable and below norms for our industry, and that our equity compensation programs are well-managed.

We anticipate the additional shares for which we are seeking stockholder approval will be sufficient for our equity compensation program through fiscal year 2019, and that we will need to seek stockholder approval for additional shares at our annual stockholders meeting in 2019 as our annual stockholders meeting are typically held during the second quarter of each fiscal year.

If stockholders do not approve the amended 2013 Incentive Plan, the amendment to the 2013 Incentive Plan previously approved by the board of directors will not become effective and the remaining shares available for issuance under the 2013 Incentive Plan will remain available for new grants until awards have been granted covering all the shares authorized for issuance under the 2013 Incentive Plan or it is terminated by our board of directors.

As of March 9, 2018, 3,087,596 shares were reserved and available for issuance under the 2013 Incentive Plan, not including the additional 4,600,000 new shares added to the 2013 Incentive Plan pursuant to the amendments recently approved by the Company s board of directors and subject to stockholder approval. In addition shares that are subject to outstanding awards under the 2013 Incentive Plan or the Company s 1996 Stock Incentive Plan that are forfeited or canceled or expire can be reused under the 2013 Incentive Plan. For more information regarding the shares of our common stock that may be issued under our existing equity compensation plans please refer to the information set forth in this proxy statement under the Equity Compensation Plan Information subheading starting on page 35.

Under applicable rules of the Nasdaq Stock Market, we are required to obtain stockholder approval of the amended 2013 Incentive Plan. In addition, stockholder approval of the amended 2013 Incentive Plan is necessary to provide the compensation committee with the flexibility to grant incentive stock options to employees under the amended 2013 Incentive Plan. See U.S. Federal Income Tax Information below for more information about these issues.

The principal features of the amended 2013 Incentive Plan are summarized below. This summary does not contain all information about the amended 2013 Incentive Plan. A copy of the complete text of the amended 2013 Incentive Plan is included as **Annex A** to this proxy statement, and the following description is qualified in its entirety by reference to the text of the amended 2013 Incentive Plan.

Description of the Amended 2013 Incentive Plan

Purpose. The purpose of the 2013 Incentive Plan is to attract, retain and motivate our employees, officers and directors by providing them with the opportunity to acquire a proprietary interest in Lattice and to align their interests and efforts to the long-term interests of our stockholders. The 2013 Incentive Plan would also allow us to provide the same opportunity to consultants, agents, advisors and independent contractors.

Administration. The compensation committee will administer the 2013 Incentive Plan. The board of directors or the compensation committee may delegate authority to approve awards under the 2013 Incentive Plan in accordance with its terms. References to the committee in this Proposal 3 are, as applicable, to the compensation committee, the board of directors or other delegate, including an officer of Lattice authorized by the board of directors or compensation committee to make grants to certain eligible employees of Lattice.

Eligibility. Awards may be granted under the 2013 Incentive Plan to employees, officers, directors, consultants, agents, advisors and independent contractors of Lattice and its subsidiaries and affiliates. As of March 9, 2018, approximately 856 employees, executive officers, and zero non-employee directors were eligible to receive awards under the 2013 Incentive Plan.

Number of Shares. The number of shares of common stock authorized for issuance under the 2013 Incentive Plan is 18,640,000 shares. In addition, the shares underlying awards that are currently subject to outstanding awards under the 1996 Stock Incentive Plan and the 2013 Incentive Plan that are forfeited or canceled or expired can be reused under the 2013 Incentive Plan. Any shares of our common stock subject to awards other than stock options or SARs will count against the numerical limits of the plan as 2.2 shares of our common stock for every one share of common stock subject to the award.

The following shares will also become available again for issuance under the 2013 Incentive Plan:

- shares subject to awards granted under the 2013 Incentive Plan that lapse, expire, terminate or are canceled prior to issuance of the underlying shares;

- shares subject to awards granted under the 2013 Incentive Plan that are subsequently forfeited to or otherwise reacquired by us; and

- shares related to an award granted under the 2013 Incentive Plan that is settled in cash or in another manner where some or all of the shares covered by the award are not issued.

Shares subject to an award granted under the 2013 Incentive Plan that are tendered or withheld in payment of purchase price or tax withholding obligations *will not* become available again for issuance under the 2013 Incentive Plan.

Awards granted in assumption of or substitution for previously granted awards in acquisition transactions will not reduce the number of shares authorized for issuance under the 2013 Incentive Plan.

Limitation on Full Value Awards. The maximum number of shares that may be issued pursuant to full value Awards granted under the Plan, which includes all Awards other than Awards of Options or Stock Appreciation Rights, is 50% of the aggregate number of shares authorized under the 2013 Incentive Plan and 50% of the new shares added under the 2013 Incentive Plan.

Minimum Vesting for Full Value Awards. The maximum number of shares that may be issued pursuant to full value awards granted under the Plan, which includes all awards other than awards of options or stock appreciation rights, without specified minimum vesting conditions is 5% of the aggregate maximum number of shares authorized under the 2013 Incentive Plan.

Adjustments. If any change in our stock occurs by reason of any stock dividend, stock split, spin-off, recapitalization, merger, consolidation, combination or exchange of shares, distribution to stockholders other than a normal cash dividend or other change in our corporate or capital structure, the committee will make proportional adjustments to the maximum number and kind of securities (a) available for issuance under the 2013 Incentive Plan, (b) issuable as incentive stock options, (c) issuable to certain individuals subject to Internal Revenue Code of 1986, as amended (the Code) Section 162(m), (d) issuable as full value awards, and (e) subject to any outstanding award, including the per share price of such securities.

Types of Awards. The 2013 Incentive Plan permits the grant of any or all of the following types of awards.

Stock Options. The committee may grant either incentive stock options, which must comply with Code Section 422, or non-qualified stock options. The committee sets option exercise prices and terms, except that the exercise price of stock options granted under the 2013 Incentive Plan must be at least 100% of the fair market value of the common stock on the date of grant, except in the case of options granted in connection with assuming or substituting options in acquisition transactions. At the time of grant, the committee determines when stock options are exercisable and when they expire, except that the term of a stock option cannot exceed seven years. Unless the committee otherwise determines, fair market value means, as of a given date, the closing price of our common stock.

Stock Appreciation Rights (SARs). The committee may grant SARs as a right in tandem with the number of shares underlying stock options granted under the 2013 Incentive Plan or on a stand-alone basis. SARs are the right to receive payment per share of an exercised SAR in stock or cash, or a combination of stock and cash, equal to the excess of the share s fair market value on the date of exercise over its fair market value on the date the SAR was granted. Exercise of a SAR issued in tandem with stock options will result in the reduction of the number of shares underlying the related SAR to the extent of the SAR exercised. The term of a stand-alone SAR cannot be more than seven years, and the term of a tandem SAR will not exceed the term of the related option.

Stock Awards, Restricted Stock and Stock Units. The committee may grant awards of shares of common stock, or awards designated in units of common stock, under the 2013 Incentive Plan. These awards may be made subject to repurchase or forfeiture restrictions at the committee s discretion. The restrictions may be based on continuous service or the achievement of specified performance criteria, as determined by the committee.

Performance Awards. The committee may grant performance awards in the form of performance shares or performance units. Performance shares are units valued by reference to a designated number of shares of common stock, and performance units are units valued by reference to a designated amount of cash. Either may be payable in stock or cash, or a combination of stock and cash, upon the attainment of performance criteria and other terms and conditions as established by the committee.

Other Stock or Cash-Based Awards. The committee may grant other incentives payable in cash or in shares of common stock, subject to the terms of the 2013 Incentive Plan and any other terms and conditions determined by the committee.

Minimum Vesting Requirements. The committee s ability to grant awards under the 2013 Incentive Plan that do not comply with specified minimum vesting requirements is capped at 5% of the aggregate maximum number of shares authorized for issuance under the 2013 Incentive Plan. The 2013 Incentive Plan provides for minimum vesting requirements of three years for vesting based solely on continuous employment or services and one year for vesting based on other factors (except if accelerated pursuant to a change in control or in the event of a termination of service).