

LATTICE SEMICONDUCTOR CORP
 Form 4
 February 08, 2007

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 DONOVAN STEPHEN M

2. Issuer Name and Ticker or Trading Symbol
 LATTICE SEMICONDUCTOR CORP [LSCC]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 5555 NE MOORE CT.
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 02/06/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Corporate VP, Sales

HILLSBORO, OR 97124
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-----|-------|
| | | | | (A) or (D) | Code | V | Amount | (D) | Price |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|---|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|---|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) | Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
|-----------------------------|------------------------------|------------------|------------|---|------|---|-----|-----|---------------------------|-----------------|--------------|----------------------------|
| Employee Option to Buy | \$ 6.05 | 02/06/2007 | A | 51,750 | | | | | 05/06/2007 ⁽¹⁾ | 02/06/2014 | Common Stock | 51,750 |
| Restricted Stock Unit (RSU) | ⁽²⁾ | 02/06/2007 | A | 4,415 | | | | | ⁽³⁾ | ⁽³⁾ | Common Stock | 4,415 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------------------|-------|
| | Director | 10% Owner | Officer | Other |
| DONOVAN STEPHEN M 5555 NE MOORE CT. HILLSBORO, OR 97124 | | | Corporate VP, Sales | |

Signatures

Martin R. Baker, Attorney-In-Fact for Stephen M. Donovan 02/08/2007

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- This option to purchase shares of common stock vests as follows: 6.25% of the total amount of shares subject to the option shall vest on
- (1) 5/6/07. 6.25% of the total amount of the shares subject to the option shall vest each three months thereafter until all shares are vested on 2/6/11.
 - (2) Each Restricted Stock Unit (RSU) represents a right to receive one share of the Issuers common shares without payment of specific consideration.
- Grants vest upon satisfaction of both of these conditions: (1) 25% of the RSUs vest on the first anniversary of the date of grant, and an additional 25% of the RSUs vest on each anniversary thereafter; and (2) 25% of the RSUs vest if the price of a share of common stock on each anniversary of the date of grant has increased at least 15%, compounded annually, over the price on the date of grant, as calculated
- (3) based on a 60-calendar-day average of NASDAQ closing prices of the Companys stock. If this condition is not met for any portion of the RSUs on the relevant anniversary date, then such RSUs may vest on any of the three subsequent anniversaries if the price on such date equals or exceeds the required price. If this condition has not been met for any portion of the RSUs by the third subsequent anniversary of the relevant anniversary date, then such portion of the RSUs shall be forfeited.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.