

LATTICE SEMICONDUCTOR CORP

Form PRER14A

December 28, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. 1)

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)

N/A

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

Common stock, par value \$0.01 per share

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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Preliminary Proxy Statement Subject to Completion, Dated November 30, 2016

Lattice Semiconductor Corporation

[]

To the Stockholders of Lattice Semiconductor Corporation:

You are cordially invited to attend a special meeting of stockholders, which we refer to in this proxy statement as the Special Meeting, of Lattice Semiconductor Corporation, a Delaware corporation, which we refer to in this proxy statement as Lattice, the Company, we, us, or our, to be held on [], 2017 at 8:00 am, Pacific time, at our principal executive offices, located on the 8th floor of the US Bancorp Tower, 111 SW 5th Ave., Portland, Oregon 97204.

At the Special Meeting, you will be asked to consider and vote on a proposal to adopt the Agreement and Plan of Merger, as it may be amended from time to time, which we refer to in this proxy statement as the Merger Agreement, dated November 3, 2016, among Lattice, Canyon Bridge Acquisition Company, Inc., a Delaware corporation, which we refer to in this proxy statement as Parent, and Canyon Bridge Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent, which we refer to in this proxy statement as Merger Sub. Upon the satisfaction or waiver of the conditions to the closing set forth in the Merger Agreement, Merger Sub will, at the closing, merge with and into Lattice, which we refer to in this proxy statement as the Merger, and Lattice will become a direct, wholly owned subsidiary of Parent. You will also be asked to consider and vote on a non-binding, advisory proposal to approve compensation that will or may become payable to Lattice's named executive officers in connection with the Merger.

If the Merger is completed, you will be entitled to receive \$8.30 in cash, without interest, for each share of Lattice common stock that you own (unless you have properly exercised your appraisal rights), which represents a premium of approximately 30% to the closing price of Lattice's common stock on November 2, 2016, the last trading day prior to the date on which Lattice entered into the Merger Agreement and the proposed Merger was publicly announced.

The Board of Directors of Lattice, which we refer to in this proxy statement as the Board, after considering the factors more fully described in the enclosed proxy statement, has unanimously determined that the Merger Agreement, the Merger and the transactions contemplated by the Merger Agreement are advisable and in the best interests of Lattice and its stockholders, and adopted and approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. The Board unanimously recommends that you vote **FOR the adoption of the Merger Agreement, **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting, and **FOR** the non-binding, advisory proposal to approve compensation that will or may become payable to Lattice's named executive officers in connection with the Merger.**

The enclosed proxy statement provides detailed information about the Special Meeting, the Merger Agreement and the Merger. A copy of the Merger Agreement is attached as Annex A to the proxy statement. The proxy statement also describes the actions and determinations of the Board in connection with its evaluation of the Merger Agreement and the Merger. We encourage you to read the proxy statement and its annexes, including the Merger Agreement, carefully and in their entirety, as they contain important information.

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Whether or not you plan to attend the Special Meeting in person, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy that you may have previously submitted.

If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to adopt the Merger Agreement, without your instructions.

Your vote is very important, regardless of the number of shares that you own. We cannot complete the Merger unless the proposal to adopt the Merger Agreement is approved by the affirmative vote of the holders of at least a majority of the outstanding shares of Lattice common stock.

If you have any questions or need assistance voting your shares, please contact our Proxy Solicitor:

Innisfree M&A Incorporated

501 Madison Avenue

New York, NY 10022

Stockholders Call Toll Free: (888) 750-5834

International Callers: +1 (412) 232-3651

Banks and Brokers Call Collect: (212) 750-5833

On behalf of the Board of Directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

Darin G. Billerbeck

President and Chief Executive Officer

The accompanying proxy statement is dated [] and, together with the enclosed form of proxy card, is first being mailed on or about [].

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Lattice Semiconductor Corporation

111 SW Fifth Ave., Ste 700

Portland, Oregon 97204

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [], 2017

Notice is hereby given that a special meeting of stockholders, which we refer to in this proxy statement as the Special Meeting, of Lattice Semiconductor Corporation, a Delaware corporation, which we refer to in this proxy statement as Lattice, the Company, we, us, or our, will be held on [], 2017 at 8:00 a.m., Pacific time, at our principal executive offices, located on the 8th floor of the US Bancorp Tower, 111 SW 5th Ave., Portland, Oregon 97204, for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger (as it may be amended from time to time), which we refer to in this proxy statement as the Merger Agreement, dated November 3, 2016, among Lattice, Canyon Bridge Acquisition Company, Inc., a Delaware corporation, which we refer to in this proxy statement as Parent, and Canyon Bridge Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent, which we refer to in this proxy statement as Merger Sub. Upon the satisfaction or waiver of the conditions to the closing set forth in the Merger Agreement, Merger Sub will, at the closing, merge with and into Lattice, which we refer to in this proxy statement as the Merger, and Lattice will become a direct, wholly owned subsidiary of Parent;
2. To consider and vote on any proposal to adjourn the Special Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting; and
3. To consider and vote on the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable to Lattice's named executive officers in connection with the Merger.

Only stockholders of record as of the close of business on January 4, 2017 are entitled to notice of the Special Meeting and to vote at the Special Meeting or any adjournment, postponement or other delay thereof.

The Board unanimously recommends that you vote FOR the adoption of the Merger Agreement, FOR the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting, and FOR the non-binding, advisory proposal to approve compensation that will or may become payable to Lattice's named executive officers in connection with the Merger.

Whether or not you plan to attend the Special Meeting in person, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy that you may have previously submitted. If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to adopt the Merger Agreement, without your instructions.

By the Order of the Board of Directors,

Darin G. Billerbeck

President and Chief Executive Officer

Dated []

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YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, WE ENCOURAGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE BY TELEPHONE, ELECTRONICALLY, THROUGH THE INTERNET, OR BY SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before it is voted at the Special Meeting.

If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your broker or other agent cannot vote on any of the proposals, including the proposal to adopt the Merger Agreement, without your instructions.

If you are a stockholder of record, voting in person by ballot at the Special Meeting will revoke any proxy that you previously submitted. If you hold your shares through a bank, broker or other nominee, you must obtain a legal proxy in order to vote in person at the Special Meeting.

If you fail to return your proxy card, grant your proxy electronically over the Internet or by telephone; or attend the Special Meeting in person, your shares will not be counted for purposes of determining whether a quorum is present at the Special Meeting and, if a quorum is present, will have the same effect as a vote **AGAINST** the proposal to adopt the Merger Agreement. A failure to submit a proxy or vote in person will have no effect on either (1) the proposal to adjourn the Special Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting, or (2) the proposal to consider and vote on the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable to Lattice's named executive officers in connection with the Merger.

We encourage you to read the accompanying proxy statement and its annexes, including all documents incorporated by reference into the accompanying proxy statement, carefully and in their entirety. If you have any questions concerning the Merger, the Special Meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

Innisfree M&A Incorporated

501 Madison Avenue

New York, NY 10022

Stockholders Call Toll Free: (888) 750-5834

International Callers: +1 (412) 232-3651

Banks and Brokers Call Collect: (212) 750-5833

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SUMMARY

*This summary highlights selected information from this proxy statement related to the merger of Canyon Bridge Merger Sub, Inc. with and into Lattice Semiconductor Corporation, which we refer to in this proxy statement as the Merger, and may not contain all of the information that is important to you. To understand the Merger more fully and for a more complete description of the legal terms of the Merger, you should carefully read this entire proxy statement, the annexes to this proxy statement and the documents that we refer to in this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the caption *Where You Can Find More Information*. The Merger Agreement is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement, which is the legal document that governs the Merger, carefully and in its entirety.*

Except as otherwise specifically noted in this proxy statement, Lattice, the Company, we, our, us and similar words refer to Lattice Semiconductor Corporation, including, in certain cases, our subsidiaries. Throughout this proxy statement, we refer to Canyon Bridge Acquisition Company, Inc. as Parent and Canyon Bridge Merger Sub, Inc., a wholly owned subsidiary of Parent, as Merger Sub. In addition, throughout this proxy statement we refer to the Agreement and Plan of Merger, dated November 3, 2016, among Lattice, Parent, and Merger Sub, and as it may be amended from time to time, as the Merger Agreement.

Parties Involved in the Merger

Lattice Semiconductor Corporation

Lattice provides smart connectivity solutions powered by low power field-programmable gate arrays, which we refer to in this proxy statement as FPGA, video application-specific standard products, 60 GHz millimeter wave devices, and intellectual property products to the consumer, communications, industrial, computing, and automotive markets worldwide. Lattice's common stock is listed on The Nasdaq Global Select Market, which we refer to in this proxy statement as Nasdaq under the symbol LSCC.

Canyon Bridge Acquisition Company, Inc.

Canyon Bridge Acquisition Company, Inc. was formed on October 24, 2016 as a general acquisition vehicle and currently operates solely for the purpose of engaging in the transactions contemplated by the Merger Agreement, including the arranging of equity financing in connection with the Merger. Parent is a wholly owned subsidiary of Canyon Bridge Fund I, LP, which we refer to in this proxy statement as Canyon Bridge, an investment fund affiliated with Canyon Bridge Capital Partners, LLC, which we refer to in this proxy statement as CBC Partners. CBC Partners is a private equity firm based in Palo Alto, California that is focused on providing equity and strategic capital to enable technology companies to reach their full growth potential. CBC Partners combines a deep knowledge of the global technology industry with experience in financial markets to provide world-class investment expertise in creating and maximizing value for its investors.

Canyon Bridge Merger Sub, Inc.

Canyon Bridge Merger Sub, Inc. is a wholly owned subsidiary of Parent and was formed on October 24, 2016, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement.

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Sponsor: Canyon Bridge Fund I, LP

Canyon Bridge, an affiliate of CBC Partners, is a recently established private equity buyout fund focused on technology companies. Canyon Bridge has one limited partner, a wholly owned subsidiary of China Venture Capital Fund Corporation Limited, a large Chinese investment fund, which we refer to in this proxy statement as CVC. Canyon Bridge has entered into an equity commitment letter, dated as of November 3, 2016, which we refer to in this proxy statement as the Equity Commitment Letter, with Parent, pursuant to which, subject to certain conditions, Canyon Bridge has agreed to provide or cause to be provided the equity financing necessary for Parent and Merger Sub to consummate the Merger.

The Merger

Upon the terms and subject to the conditions of the Merger Agreement, if the Merger is completed, Merger Sub will be merged with and into Lattice, and Lattice will continue as the surviving corporation as a direct, wholly owned subsidiary of Parent, which we refer to in this proxy statement as the Surviving Corporation. As a result of the Merger, Lattice will cease to be a publicly traded company, and each outstanding share of Lattice common stock will be canceled and converted into the right to receive \$8.30 per share in cash, without interest and less any applicable withholding taxes, which we refer to in this proxy statement as the Per Share Merger Consideration, other than (1) any shares owned by stockholders who are entitled to and who properly exercise appraisal rights under the Delaware General Corporation Law, which we refer to in this proxy statement as the DGCL, and (2) shares held by Lattice as treasury stock or owned by Parent, Merger Sub or a subsidiary of Lattice, which will be canceled for no consideration.

After the Merger is completed, you will have the right to receive the Per Share Merger Consideration, but you will no longer own any shares of the common stock of the Surviving Corporation and you will no longer have any rights as a stockholder (except that stockholders who properly exercise their appraisal rights will have the right to receive a payment for the fair value of their shares as determined pursuant to an appraisal proceeding as contemplated by Delaware law, as described below under the caption The Merger Appraisal Rights).

Treatment of Stock Options and Restricted Stock Units

Stock Options

At the effective time of the Merger, which will occur upon the filing of a certificate of merger with the Secretary of State of the State of Delaware or at such later date and time as the Company and Parent may agree upon and as is set forth in that certificate of merger, which we refer to in this proxy statement as the Effective Time, each option to purchase shares of Lattice common stock, each of which we refer to in this proxy statement as a Company Stock Option, granted under any of the Company's equity incentive plans, each of which we refer to in this proxy statement as a Company Stock Plan, with an exercise price per share less than \$8.30, which we refer to in this proxy statement as an In-the-Money Company Option, that is vested (after taking into account the measurement of any corporate performance goals that are required to be measured under the terms of such Company Stock Option and any accelerated vesting that is required to occur at or prior to the Effective Time) and outstanding as of immediately prior to the Effective Time, which we refer to in this proxy statement as a Vested Company Option, will be canceled and converted into the right to receive an amount in cash (without interest and subject to deduction for any required withholding tax) equal to the product obtained by multiplying (1) the number of shares of Lattice common stock subject to such Vested Company Option by (2) the amount by which \$8.30 exceeds the per share exercise price of such

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Vested Company Option, which cash amount will be paid as soon as administratively practicable, but not later than 10 business days following the Effective Time.

At the Effective Time, each outstanding In-the-Money Company Option that is not a Vested Company Option, which we refer to in this proxy statement as an Unvested Company Option, will be canceled and converted into the right to receive an amount in cash (without interest and subject to deduction for any required withholding tax) equal to the product obtained by multiplying (1) the number of shares of Lattice common stock subject to such Unvested Company Option by (2) the amount by which \$8.30 exceeds the per share exercise price of such Unvested Company Option, which cash amount will be payable in accordance with the vesting schedule applicable to such Unvested Company Option as in effect immediately prior to the Effective Time, subject to the Unvested Company Option holder's continued service on each applicable vesting date. As such, if the holder of an Unvested Company Option experiences a termination of employment with Parent, the Surviving Corporation or a subsidiary of Parent, as applicable, after the Effective Time but prior to the date on which that Unvested Company Option becomes fully vested, the holder will forfeit his or her right to receive any unpaid cash amount in respect of that Unvested Company Option to the extent that the Unvested Company Option is forfeited upon such termination pursuant to the terms of the Unvested Company Option, unless such he or she is entitled to acceleration pursuant to terms of an agreement with Lattice.

All Company Options which are not In-the-Money Company Options and any other Company Options that are not granted under any Company Stock Plan will be canceled as of immediately prior to the Effective Time without payment of any consideration.

Restricted Stock Units

At the Effective Time, each award of restricted stock units granted under a Company Stock Plan, each of which we refer to in this proxy statement as a Company RSU, that is outstanding and vested (after taking into account any accelerated vesting that is required to occur at or prior to the Effective Time under the terms of such Company RSU) as of immediately prior to the Effective Time, which such vested Company RSU we refer to in this proxy statement as a Vested RSU, will be canceled and converted into the right to receive an amount in cash (without interest and subject to deduction for any required withholding tax) equal to the product obtained by multiplying (1) \$8.30 by (2) the number of shares that are subject to such Vested RSU, which cash amount will become payable in accordance with the delivery schedule applicable to such Vested RSU as in effect immediately prior to the Effective Time.

At the Effective Time, each Company RSU that is outstanding and unvested (after taking into account any accelerated vesting that is required to occur at or prior to the Effective Time under the terms of such Company RSUs) as of immediately prior to the Effective Time, which such unvested Company RSU we refer to in this proxy statement as an Unvested RSU, will be canceled and converted into the right to receive an amount in cash (without interest and subject to deduction for any required withholding tax) equal to the product obtained by multiplying (1) \$8.30 by (2) the number of shares that remain subject to such Unvested RSU, which cash amount will vest and become payable in accordance with the vesting and delivery schedule applicable to such Unvested RSU as in effect immediately prior to the Effective Time, subject to the Unvested RSU holder's continued service on each applicable vesting date. As such, if the holder of an Unvested RSU experiences a termination of employment with Parent, the Surviving Corporation or a subsidiary of Parent, as applicable, after the Effective Time but prior to the date on which that Unvested RSU becomes fully vested, the holder will forfeit his or her right to receive any unpaid cash amount in respect of that Unvested RSU to the extent that the Unvested RSU is forfeited upon such termination pursuant to the terms of the Unvested RSU, unless such he or she is entitled to acceleration pursuant to terms of an agreement with Lattice.

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Treatment of Employee Stock Purchase Plan

With respect to Lattice's 2012 Employee Stock Purchase Plan, which we refer to in this proxy statement as the Company ESPP, no new offering period will commence, no Lattice employee or other person will be permitted to begin participating in the Company ESPP and no current participants will be permitted to increase elective deferrals in respect of the current offering period. The offering period in effect on November 3, 2016 will terminate no later than five days prior to the Effective Time, and amounts credited to the accounts of participants will be used to purchase shares in accordance with the terms of the Company ESPP, and such shares will be canceled and converted into the right to receive the Per Share Merger Consideration.

Financing of the Merger

We anticipate that the total amount of funds necessary to complete the Merger and the related transactions will be approximately \$1.3 billion. In connection with the Merger, Parent entered into the Equity Commitment Letter with Canyon Bridge pursuant to which Canyon Bridge has committed, subject to the satisfaction of the conditions set forth in the Equity Commitment Letter, to purchase or cause to be purchased, immediately prior to the completion of the Merger, equity interests of Parent for an aggregate purchase price equal to \$1.3 billion, which will be used solely for the purpose of allowing Parent or Merger Sub to pay the aggregate Per Share Merger Consideration, satisfy all of the outstanding indebtedness of the Company or any of its subsidiaries to the extent required to be repaid in connection with the consummation of the Merger and the other transactions contemplated by the Merger Agreement, and pay any and all fees and expenses required to be paid by Parent or Merger Sub at the completion of the Merger in connection with the consummation of the Merger and the other transactions contemplated by the Merger Agreement. For more information, see the section of this proxy statement captioned "The Merger - Financing of the Merger."

Conditions to the Closing of the Merger

The obligations of Lattice, Parent and Merger Sub to consummate the Merger are subject to the satisfaction or waiver of certain conditions, including (among other conditions), the following:

the adoption of the Merger Agreement by the requisite affirmative vote of Lattice stockholders;

the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to in this proxy statement as the HSR Act ;

the expiration or termination of the applicable waiting period under the Austrian Competition Act (Wettbewerbsgesetz) and/or the Austrian Cartel Act (Kartellgesetz);

the clearance of the Merger by the Committee on Foreign Investment in the United States, which we refer to in this proxy statement as CFIUS ;

the absence of any applicable law or order, whether preliminary, temporary or permanent, that prevents, makes illegal or prohibits the consummation of the Merger or the other transactions contemplated by the

Merger Agreement; and

the absence of any legal action brought by a governmental entity challenging or seeking to restrain, prohibit, rescind or unwind the consummation of the Merger or the other transactions contemplated by the Merger Agreement or the ability of Parent to (1) acquire, hold or exercise full right of ownership of Lattice or its subsidiaries or (2) control the business or operations of Lattice or its subsidiaries (however, Parent has agreed to accept certain conditions that may be imposed by CFIUS as a prerequisite for its clearance of the Merger, as described in the section captioned "The Merger - Regulatory Approvals Required for the Merger CFIUS").

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The obligation of Parent and Merger Sub to consummate the Merger is subject to the following additional conditions:

the accuracy of the representations and warranties of Lattice, subject to certain materiality or material adverse effect standards or certain dollar thresholds as described under the section of this proxy statement captioned "The Merger Agreement - Conditions to the Closing of the Merger";

performance by Lattice in all material respects of its obligations under the Merger Agreement;

the absence of a Company Material Adverse Effect; and

the receipt of an officer's certificate certifying that the foregoing conditions have been satisfied.

The obligation of Lattice to consummate the Merger is subject to the following additional conditions:

the accuracy of the representations and warranties of Parent and Merger Sub, subject to certain materiality standards as described under the section of this proxy statement captioned "The Merger Agreement - Conditions to the Closing of the Merger";

performance by Parent and Merger Sub in all material respects of their respective obligations under the Merger Agreement; and

the receipt of an officer's certificate certifying that the foregoing conditions have been satisfied.

Regulatory Approvals Required for the Merger

Lattice and Parent have agreed to cooperate and use reasonable best efforts to obtain all regulatory approvals required or deemed necessary to consummate the transactions contemplated by the Merger Agreement. Under the HSR Act, the Merger may not be consummated until the expiration of a 30 calendar day waiting period following the parties' filing of their respective HSR Act notification forms or the earlier termination of that waiting period. If the Antitrust Division of the United States Department of Justice, which we refer to in this proxy statement as the "DOJ", or the Federal Trade Commission, which we refer to in this proxy statement as the "FTC", issues a Request for Additional Information and Documentary Material, which we refer to as a second request, prior to the expiration of the initial waiting period, the parties must observe a second 30-day waiting period, which would begin to run only after both parties have substantially complied with the second request, unless the waiting period is terminated earlier.

Further, Lattice and Parent have submitted a joint voluntary notice under the Defense Production Act of 1950, as amended, pursuant to their obligations under the Merger Agreement to seek a written notice from CFIUS clearing the Merger (which written notice is described in greater detail in the definition of "CFIUS Approval" set forth in the Merger Agreement included herein as Annex A and is referred to in this proxy statement as the "CFIUS Approval").

The completion of the Merger is subject to the expiration or termination of the waiting period under the Austrian Competition Act (Wettbewerbsgesetz) and/or the Austrian Cartel Act (Kartellgesetz). Accordingly, Parent will notify the Austrian Federal Competition Authority (Bundeswettbewerbsbehörde) of the proposed Merger. Unless extended or earlier terminated, the applicable waiting period will expire four weeks after the date of filing of a notification of the proposed Merger to the Austrian Federal Competition Authority (Bundeswettbewerbsbehörde).

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Recommendation of the Board of Directors

Lattice's Board of Directors, which we refer to in this proxy statement as the Board, after considering various factors described under the caption "The Merger Recommendation of the Board of Directors and Reasons for the Merger," has unanimously determined that the Merger Agreement, the Merger and the transactions contemplated by the Merger Agreement are advisable and in the best interests of Lattice and its stockholders, and adopted and approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement. The Board unanimously recommends that you vote **FOR** the adoption of the Merger Agreement; **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting; and **FOR** the proposal to approve, by non-binding, advisory vote, compensation that will or may become payable to Lattice's named executive officers in connection with the Merger.

Fairness Opinion of Morgan Stanley & Co. LLC

Lattice retained Morgan Stanley & Co. LLC, which we refer to in this proxy statement as Morgan Stanley, to act as its financial advisor in connection with the proposed Merger. On November 2, 2016, Morgan Stanley rendered to the Board its oral opinion, subsequently confirmed in writing, that as of such date and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in its written opinion, the Per Share Merger Consideration to be received by the holders of Lattice shares of common stock pursuant to the Merger Agreement was fair from a financial point of view to the holders of Lattice shares of common stock. The full text of Morgan Stanley's written opinion to the Board, dated as of November 2, 2016, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex B to this proxy statement. The summary of the opinion of Morgan Stanley in this proxy statement is qualified in its entirety by reference to the full text of the opinion. We encourage you to read Morgan Stanley's opinion and the summary of Morgan Stanley's opinion below (in the section of this proxy statement captioned "The Merger Fairness Opinion of Morgan Stanley & Co. LLC") carefully and in their entirety.

Morgan Stanley's opinion was rendered for the benefit of the Board, in its capacity as such, and addressed only the fairness from a financial point of view of the consideration to be received by the holders of Lattice shares of common stock pursuant to the Merger Agreement as of the date of the opinion. It does not address any other aspect or implications of the Merger. The opinion was addressed to, and rendered for the benefit of, the Board and was not intended to, and does not, constitute advice or a recommendation to any holder of Lattice common shares as to how to vote at any stockholders' meetings to be held in connection with the Merger or take any other action with respect to the Merger.

Interests of Lattice's Directors and Executive Officers in the Merger

If the proposal to adopt the Merger Agreement is approved, the shares of common stock held by our directors and executive officers will be treated in the same manner as outstanding shares of common stock held by all other stockholders; however, when considering the recommendation of the Board that you vote to approve the proposal to adopt the Merger Agreement, you should be aware that our directors and executive officers may have interests in the Merger that are different from, or in addition to, your interests as a stockholder. In (1) evaluating and negotiating the Merger Agreement, (2) approving the Merger Agreement and the Merger, and (3) recommending that the Merger Agreement be adopted by stockholders, the Board was aware of and considered these interests to the

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extent that they existed at the time, among other matters. These interests generally include, among others, the rights to accelerated vesting of equity awards and potential payments and benefits in connection with a qualifying termination of employment on or following the closing date of the Merger, as described in more detail under the section of this proxy statement captioned **The Merger – Interests of Lattice’s Directors and Executive Officers in the Merger** and **Proposal 3 – Advisory, Non-Binding Vote on Merger-Related Executive Compensation Arrangements**.

Appraisal Rights

If the Merger is completed, stockholders who do not vote in favor of the adoption of the Merger Agreement and who properly demand appraisal of their shares will be entitled to appraisal rights in connection with the Merger under Section 262 of the DGCL. This means that stockholders are entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of their shares of common stock, exclusive of any elements of value arising from the accomplishment or expectation of the Merger, together with interest to be paid on the amount determined to be fair value, if any, as determined by the court. Due to the complexity of the appraisal process, stockholders who wish to seek appraisal of their shares are encouraged to seek the advice of legal counsel with respect to the exercise of appraisal rights.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as determined pursuant to Section 262 of the DGCL could be more than, the same as or less than the Per Share Merger Consideration.

To exercise your appraisal rights, you must (1) deliver a written demand for appraisal to Lattice before the vote is taken on the proposal to adopt the Merger Agreement, (2) not submit a proxy or otherwise vote in favor of the proposal to adopt the Merger Agreement, and (3) continue to hold your shares of common stock of record through the Effective Time. Your failure to follow exactly the procedures specified under the DGCL will result in the loss of your appraisal rights. The DGCL requirements for exercising appraisal rights are described in further detail in this proxy statement, and the relevant section of the DGCL regarding appraisal rights is reproduced in Annex C to this proxy statement. If you hold your shares of common stock through a bank, broker or other nominee and you wish to exercise appraisal rights, you should consult with your bank, broker or other nominee to determine the appropriate procedures for the making of a demand for appraisal on your behalf by your bank, broker or other nominee.

U.S. Federal Income Tax Consequences of the Merger

For U.S. federal income tax purposes, the receipt of cash by a U.S. Holder (as defined under the caption **The Merger – U.S. Federal Income Tax Consequences of the Merger**) in exchange for such U.S. Holder’s shares of common stock in the Merger generally will result in the recognition of gain or loss in an amount measured by the difference, if any, between the amount of cash that such U.S. Holder receives in the Merger (determined before the deduction of any applicable withholding taxes) and such U.S. Holder’s adjusted tax basis in the shares of common stock surrendered in the Merger.

A Non-U.S. Holder (as defined under the caption **The Merger – U.S. Federal Income Tax Consequences of the Merger**) generally will not be subject to U.S. federal income tax with respect to the exchange of common stock for cash in the Merger unless such Non-U.S. Holder has certain connections to the United States.

For more information, see the section of this proxy statement captioned **The Merger – U.S. Federal Income Tax Consequences of the Merger**. Stockholders should consult their own tax advisors

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concerning the U.S. federal income tax consequences relating to the Merger in light of their particular circumstances and any consequences arising under U.S. federal non-income tax laws or the laws of any state, local or non-U.S. taxing jurisdiction.

Legal Proceedings Regarding the Merger

Lattice has amended its bylaws to provide that, unless Lattice consents in writing to the selection of an alternative forum, the Delaware Court of Chancery will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of the Company, any action asserting a breach of a fiduciary duty, any action arising under the DGCL or the Company's corporate governance documents, or any action asserting a claim that is governed by the internal affairs doctrine of the State of Delaware. In the event that the Delaware Court of Chancery lacks subject matter jurisdiction over any such action, the sole and exclusive forum for such action shall be another state or federal court located within the State of Delaware, in each case unless such court has dismissed a prior action by the same plaintiff asserting the same claims due to lack of personal jurisdiction over an indispensable party named as a defendant therein.

Alternative Acquisition Proposals

Under the Merger Agreement, from the date of the Merger Agreement until the Effective Time, Lattice has agreed not to, and to cause its affiliates and its and their respective directors, officers or other employees, or any investment banker, accountant, attorney or other advisor, agent or representative retained by any of them, whom we collectively refer to as representatives, not to, among other things: (1) solicit, initiate or knowingly encourage, induce or facilitate any Takeover Proposal (as defined under The Merger Agreement Alternative Acquisition Proposals) or any inquiry, proposal or request for information that may reasonably be expected to lead to a Takeover Proposal; (2) participate in discussions or negotiations with, furnish to any information to, or cooperate in any way with, any person (other than Parent, Merger Sub or any designees of Parent or Merger Sub) with respect to any Takeover Proposal or any inquiry, proposal or request for information that may reasonably be expected to lead to a Takeover Proposal; (3) agree to, approve, endorse, recommend or consummate any Takeover Proposal or enter into any letter of intent, memorandum of understanding, agreement in principle or similar document contemplating any Takeover Proposal; (4) take any action to make the provisions of any state takeover statute or similar law, or any anti-takeover provision in the Lattice charter, inapplicable to any transactions contemplated by any Takeover Proposal; (5) grant any waiver, amendment or release under any standstill or similar agreement; (6) enter into any contract that would restrict Lattice's ability to comply with the foregoing obligations, which are more fully described in the section of this proxy statement captioned The Merger Agreement Alternative Acquisition Proposals; or (7) resolve or agree to do any of the foregoing.

Notwithstanding these restrictions, under certain circumstances following our receipt of a bona fide, written and unsolicited Takeover Proposal, and prior to the adoption of the Merger Agreement by Lattice's stockholders, Lattice may provide confidential information to, and engage or participate in discussions or negotiations with, a third party regarding a Takeover Proposal if the Board determines in good faith after consultation with its financial advisor and its outside legal counsel that such proposal is a Superior Proposal (as defined under The Merger Agreement Alternative Acquisition Proposals) or is reasonably likely to lead to a Superior Proposal and the failure to take such action would be inconsistent with the Board of Director's fiduciary duties under applicable law. For more information, please see the section of this proxy statement captioned The Merger Agreement Alternative Acquisition Proposals.

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Lattice is not entitled to terminate the Merger Agreement to enter into an agreement for a Takeover Proposal that the Board has determined is a Superior Proposal unless Lattice complies with certain procedures in the Merger Agreement, including (1) negotiating with Parent in good faith over a four business day period to make such adjustments to the terms and conditions of the Merger Agreement so that the Takeover Proposal ceases to constitute a Superior Proposal and (2) in the event such re-negotiation results in Parent's proposal being amended such that the Takeover Proposal is no longer superior, and following such re-negotiation the Takeover Proposal is amended to once again become a Superior Proposal, negotiating with Parent in good faith over a subsequent two business day period following each subsequent amendment to the Takeover Proposal so that such Takeover Proposal, as amended, ceases to constitute a Superior Proposal. The termination of the Merger Agreement by Lattice to accept a Superior Proposal will result in the payment by Lattice of a \$34,180,000 termination fee to Parent. For more information, see the section of this proxy statement captioned "The Merger Agreement - The Board of Directors' Recommendation; Adverse Recommendation Change."

Termination of the Merger Agreement

The Merger Agreement may be terminated at any time prior to the Effective Time, whether before or after the adoption of the Merger Agreement by stockholders, in the following ways:

by mutual written agreement of Lattice and Parent;

by either Lattice or Parent if:

the Effective Time shall not have occurred on or before August 1, 2017, which we refer to as the outside date, provided that in case the last to be satisfied or waived (where permissible) of the closing conditions (other than those conditions that are only capable of being satisfied at the closing) occurs within five business days of August 1, 2017, then the outside date will be extended to no later than 12:00 p.m. Pacific time on August 8, 2017 to the extent required to allow the closing to occur as described under the caption "The Merger Agreement - Closing and Effective Time", and further provided that the right to terminate the Merger Agreement in this manner is not available to any party if the failure of the Merger to occur on or before the outside date is a result of a breach of the Merger Agreement by such party;

any governmental entity having competent jurisdiction, other than a governmental entity in China, shall have (1) enacted, issued, promulgated or enforced any law that makes consummation of the Merger illegal or otherwise prohibited or (2) enacted, issued, promulgated, enforced or entered any final and nonappealable order which has the effect of making the consummation of the Merger illegal or otherwise preventing or prohibiting consummation of the Merger; or

Lattice's stockholders fail to adopt the Merger Agreement at the Special Meeting or any adjournment or postponement thereof;

by Lattice if:

Parent or Merger Sub has breached or failed to perform any of its respective representations, warranties, covenants or other agreements set forth in the Merger Agreement such that certain corresponding conditions set forth in the Merger Agreement are not satisfied, and such breach is not cured or reasonably capable to be cured by the outside date, provided that Lattice may not terminate the Merger Agreement in this manner if it has breached or failed to perform any of its representations, warranties, covenants or other agreements set forth in the Merger Agreement such that certain corresponding conditions set forth in the Merger Agreement are not satisfied;

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prior to the adoption of the Merger Agreement by stockholders and so long as Lattice did not breach or fail to perform in any material respect any of its obligations related to Takeover Proposals and Superior Proposals, in order to enter into a definitive agreement with respect to a Superior Proposal in accordance with the terms of the Merger Agreement, subject to Lattice paying to Parent a termination fee of \$34,180,000 substantially concurrently with the termination of the Merger Agreement; or

(1) the Merger was not completed when it was required to have been under the terms of the Merger Agreement even though all of the mutual conditions to closing have been satisfied (other than those conditions that by their terms are to be satisfied at the closing, each of which is capable of being satisfied at the closing, and other than conditions that have not been satisfied due to an action by a governmental entity in China) and all of the conditions to Parent and Merger Sub's obligations to consummate the Merger have been satisfied (other than those conditions that by their terms are to be satisfied at the closing, each of which is capable of being satisfied at the closing), (2) Lattice has provided Parent with an irrevocable written notice to this effect and stands ready, willing and able to consummate the Merger, and (3) Parent and Merger Sub fail to consummate the Merger within five business days of such written notice; and

by Parent if: