

LATTICE SEMICONDUCTOR CORP
Form DEFA14A
April 26, 2019

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

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

LATTICE SEMICONDUCTOR CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

- (3) Per unit price or other underlying value of the 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 the transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

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

- (1) Amount Previously Paid:

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

- (3) Filing Party:

(4) Date Filed:

Lattice response to ISS 'say on pay' recommendation Background In 2018, the Lattice Board of Directors made major management changes directed at improving the performance of the company. In September, we hired a new CEO and provided what we believe are normal and customary on-boarding levels of equity for CEO level hires. We believe the ISS evaluation of our hire-on compensation does not properly reflect the board actions. Following are responses to the main concerns reflected in the recent ISS report.

ISS Position TSR target of median of peer group ‘not particularly rigorous’ Lattice Response The target of the median for our peer group is consistent with our previous TSR-vesting equity award targets, and we are advised that this is consistent with the targets of peer companies. We note that achievement of this target would represent a highly significant amount of progress for the Company. ISS notes the Company’s challenges with TSR during prior periods which is what contributed to management transition and is being addressed by these awards.

ISS Position “Outsized sign-on equity grants” Lattice Response The scale of the onboarding equity award is consistent with industry standard onboarding award multiples (roughly 2x) relative to prospective annual grants. Our anticipated annual CEO compensation level, excluding one time items, and anticipated annual grant level is described in the Proxy at page 35 and in the Proxy Supplement filed by the Company. Anticipated total future annual compensation is ~\$3.9M, consistent with ISS’s disclosed median. Hence, we disagree that the onboarding grant is “outsized.”

ISS Position “Majority of CEO sign-on equity lacks performance conditions.” Lattice Response As ISS acknowledges, using the Company’s valuation (consistent with GAAP) the actual percentage of the equity grants with performance vesting is approximately 50%. This was reflected in the initial disclosure at the time of the CEO’s hiring in September 2018 and is discussed in the CD&A. We believe the ISS methodology fails to reflect GAAP grant structure and value. We note Glass Lewis provided an affirmative recommendation on the Say on Pay advisory vote.