

Statement On The President's Decision Regarding Lattice Semiconductor Corporation

September 13, 2017

WASHINGTON – As chair of the Committee on Foreign Investment in the United States (CFIUS), Steven T. Mnuchin, Secretary of the Treasury today issued the following statement about the President's decision regarding Lattice Semiconductor Corporation.

Today, consistent with the Administration's commitment to take all actions necessary to ensure the protection of U.S. national security, the President issued an order prohibiting the acquisition of Lattice Semiconductor Corporation (Lattice) by Canyon Bridge Fund I, LP (CBFI); CBFI's subsidiaries; CBFI's limited partner, Yitai Capital Limited (Yitai); and Yitai's parent company, China Venture Capital Fund Corporation Limited (CVCF) (together, the Purchasers). The order directs the Purchasers and Lattice to take all steps necessary to fully and permanently abandon the proposed acquisition of Lattice not later than 30 days after the date of the order.

CVCF is a Chinese corporation owned by Chinese state-owned entities that manages industrial investments and venture capital. Lattice is a publicly traded company headquartered in Oregon that manufactures semiconductors for the consumer, communications, and industrial markets. Lattice's primary semiconductor product lines are programmable logic devices, which are general purpose semiconductors that customers can program to provide functionality similar to chips that are designed and produced for specific applications.

The President took this action pursuant to section 721 of the Defense Production Act of 1950, as amended by the Foreign Investment and National Security Act of 2007 (Section 721). Section 721 authorizes the President to suspend or prohibit certain acquisitions of U.S. businesses by foreign persons where he finds that there is credible evidence that the foreign interest exercising control might take action that threatens to impair national security, and where provisions of law other than Section 721 and the International Emergency Economic Powers Act do not provide adequate and appropriate authority to protect national security in the matter under review.

The President's decision took into consideration the factors described in Section 721's subsection (f), as appropriate, and the recommendation by CFIUS that he issue an order prohibiting this transaction. CFIUS and the President assess that the transaction poses a risk to

the national security of the United States that cannot be resolved through mitigation. The national security risk posed by the transaction relates to, among other things, the potential transfer of intellectual property to the foreign acquirer, the Chinese government's role in supporting this transaction, the importance of semiconductor supply chain integrity to the U.S. government, and the use of Lattice products by the U.S. government.

CFIUS is an interagency committee whose purpose is to review transactions that could result in the control of a U.S. business by a foreign person, in order to determine the effect of such transactions on the national security of the United States. CFIUS's detailed analysis of the proposed transaction took into account all relevant national security factors, as enumerated in Section 721. CFIUS also received a thorough analysis of the threat posed by this transaction from the Office of the Director of National Intelligence, as required by Section 721.

Consistent with the longstanding, bi-partisan U.S. commitment to open investment, the CFIUS process focuses exclusively on identifying and addressing national security concerns. This focused mandate reinforces our commitment to welcoming foreign investment, while at the same time reinforcing our commitment to protecting national security.

CFIUS is chaired by the Secretary of the Treasury and includes as members the Secretaries of State, Defense, Commerce, Energy, and Homeland Security, the Attorney General, the Director of the White House Office of Science and Technology Policy, and the U.S. Trade Representative. The Director of National Intelligence and the Secretary of Labor participate as non-voting, ex-officio members. CFIUS involves other agencies of the Executive Branch in its deliberations on a case-by-case basis.

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