

PIXELWORKS, INC.
CHARTER OF THE CORPORATE GOVERNANCE AND
NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS

I. COMMITTEE PURPOSE

The Corporate Governance and Nominating Committee (“the Committee”) of Pixelworks, Inc. (“the Company”) is appointed by the Board of Directors (“the Board”) to assist the Board in fulfilling its responsibilities and duties related to director nominations, Board committees and corporate governance.

II. COMMITTEE STRUCTURE

A. COMMITTEE SIZE AND MEMBERSHIP

The Committee shall be comprised of three or more directors. Members of the Committee are appointed by the Board from time to time and may be removed by the Board at any time. Each member shall be an “independent director” as determined by the Board in accordance with the rules promulgated by the NASDAQ stock market, as well as any independence standards that may be established from time to time by the Board or the Committee.

B. COMMITTEE CHAIR

The Board may appoint one member to serve as Committee Chair to convene and chair all regular and special sessions of the Committee, to set agendas for Committee meetings, and to determine and communicate to management and the full Board the information needs of the Committee. If the Board fails to appoint a Committee Chair, the members of the Committee shall elect a Chair by majority vote of the full Committee.

III. COMMITTEE MEETINGS

Meetings shall be held upon call, but in no circumstances less than once per year. The Committee Chair shall prepare and/or approve an agenda in advance of each meeting. The Committee will cause to be kept adequate minutes of all of its proceedings, and will either submit the minutes of each of its meetings to the Board, or report the matters raised at each of its meetings directly to the Board. The Committee is governed by the same rules regarding meetings (including meetings by teleconference or similar remote communications), actions without a meeting, notice, waiver of notice and quorum and voting requirements as are applicable to the Board.

IV. DUTIES AND RESPONSIBILITIES

In furtherance of its purpose, the Committee shall have the following specific duties and responsibilities:

A. MAINTAIN THE COMMITTEE CHARTER

The Committee shall review and reassesses the adequacy of this Charter annually and shall recommend changes to the Board for approval as necessary.

B. DEVELOP AND MAINTAIN CORPORATE GOVERNANCE GUIDELINES

The Committee is responsible for making corporate governance recommendations to the Board and developing the Corporate Governance Guidelines (“Guidelines”). The Guidelines will be periodically but no less than annually reviewed by the Committee to ensure their adequacy. Recommended changes shall be presented to the full Board for approval.

C. REVIEW BOARD STRUCTURE

The Committee is responsible for regularly reviewing the structure of the Board including its overall size, its number of independent directors and the committee structure. Recommended changes shall be presented to the full Board for approval.

D. POLICIES AND PROCEDURES FOR DIRECTOR SELECTION

Process for Identifying and Evaluating Director Candidates

The Committee shall actively seek individuals qualified to become Board members and conduct appropriate inquiries into the backgrounds and qualifications of possible nominees. The Committee shall also identify potential candidates by soliciting recommendations from existing Board members and through nominations by shareholders. Candidates will first be evaluated by an examination of a candidate’s experience and qualifications. If a candidates experience and qualifications are desirable, the Committee will interview and perform reference checks on all qualified candidates before recommending a candidate for nomination to the Board.

Minimum Qualifications for Directors / Desired Qualifications and Skills

At a minimum, candidates must possess experience with businesses or organizations of comparable or greater size than the Company. Because the Board values diversity, qualifications and skills that are complementary to existing Board members are highly desirable.

When considering candidates for director, the Committee takes into account a number of factors, including the following:

- Independence from management;
- Whether the candidate has relevant business experience;
- Judgment, skill, integrity and reputation;
- Existing commitments to other businesses;
- Potential conflicts of interest with other pursuits;
- Legal considerations such as antitrust issues and involvement by the candidate in specific legal proceedings during the past ten years;
- Corporate governance background, including directorships held with public companies or investment companies registered under the Investment Company Act of 1940 at any time during the past five years;
- Financial and accounting background, to enable the committee to determine whether the candidate would be suitable for Audit Committee membership;
- Executive compensation background, to enable the committee to determine whether the candidate would be suitable for Compensation Committee membership; and
- The size and composition of the existing Board.

The Committee restates for purposes of its own board search purposes the Company's emphatic commitment to nondiscrimination on the basis of age, gender, ethnic background, religious affiliation, or other personal characteristics unrelated to the Company's purpose and mission.

Additional Criteria for Directors

The Committee may develop and recommend to the Board additional qualification standards for directors and committee members, including defining specific criteria for independence, and from time to time or as necessary, recommend to the Board any changes deemed appropriate by the Committee and/or to ensure compliance with applicable securities laws and regulations and stock market rules.

Submission of Shareholder Nominees

The Company's Bylaws set forth procedures that must be followed by shareholders seeking to make nominations for directors. In the event a shareholder has submitted a proposed nominee, the Board would consider the proposed nominee, along with any other proposed nominees recommended by individual directors, in the same manner in which the Board of Directors would evaluate nominees for director recommended by the Board of Directors.

Recommend Candidates to the Board

Nominees for director will be selected on the basis of their integrity, experience, achievements, judgment, intelligence, personal character, ability to make independent analytical inquiries, willingness to devote adequate time to Board duties and ability to serve on the Board for a substantial period of time.

The Committee shall select the candidates whose attributes would be most beneficial to the Company and recommend those candidates to the Board. The Committee shall evaluate the performance of a director before recommending his nomination for another term to the Board.

E. RECOMMEND DIRECTORS FOR COMMITTEE APPOINTMENTS

The Committee shall recommend directors to serve as members of each Board committee based on the desires, experiences and expertise of the individual directors. The Committee shall review and recommend committee slates annually and shall recommend additional Committee members as needed.

F. OVERSEE DIRECTOR ORIENTATION / TRAINING

The Committee shall ensure that new directors receive an adequate orientation and that an appropriate continuing education program is developed for all directors annually.

G. REVIEW OTHER DIRECTORSHIPS

The Committee shall review directors' invitations to serve on other public company boards, and shall review the institutional and other affiliations of directors and nominees for any potential conflicts of interest.

H. CHANGES IN PROFESSIONAL RESPONSIBILITY

The Committee shall review the continued appropriateness of Board membership when changes in a director's professional responsibility arise.

I. RECEIPT OF SHAREHOLDER COMMUNICATIONS

The Chairman of the Corporate Governance and Nominating Committee shall be responsible for addressing shareholder comments directed to the Board and for reporting such matters to the entire Board at regularly scheduled Board meetings.

J. OVERSEE ANNUAL SELF EVALUATION PROCESS / CONDUCT SELF EVALUATION

The Committee is responsible for developing and overseeing an annual self-evaluation process for the performance of the Board, Board Committees and individual directors. The Committee is also responsible for assessing the effectiveness of the process used, and performing an annual evaluation of itself.

K. ADDITIONAL RESPONSIBILITIES

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time.

V. SEARCH FIRMS AND OTHER ADVISORS

If a search firm is to assist the Committee in the identification of director candidates, then the Committee will have the sole authority to retain and terminate such search firm, including the sole authority to approve the search firm's fees and other retention terms.

To the extent that it deems necessary and appropriate, the Committee shall also have the authority to obtain advice and assistance from legal and other advisors, and is empowered without further action from the Company or the Board to cause the Company to pay the compensation of such advisors.

The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties. The Committee shall have direct, independent and confidential access to the other directors and the Company's employees and internal and external counsel, and may require any employee of the Company or representative of the Company's outside counsel to attend meetings of the Committee or to meet with any members of the Committee or representative of the Committee's counsel, advisors or experts. The Committee shall also have unrestricted access to any relevant Company records and analyses and facilities as necessary to carry out the Committee's duties.

Nothing in this Charter is intended to preclude or impair each director's ability to rely in good faith on reports or other information provided by the Company, legal counsel and other persons as to matters the director reasonably believes to be within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, the Board or the Committee.