



Pixelworks Invests \$7.5 Million in Jaldi Semiconductor Corporation, a Start-up Specializing in Reconfigurable Digital Signal Processing

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Tualatin, Ore., January 30, 2001 – Pixelworks, Inc. (NASDAQ:PXLW), the leading provider of system-on-a-chip ICs for the advanced display market, today announced a strategic investment in Jaldi Semiconductor Corporation, a privately held fabless semiconductor start-up developing application specific reconfigurable Digital Signal Processing (DSP) technology. With this investment, Pixelworks acquires marketing rights to Jaldi's future products, a cross-license covering certain technologies and an option to acquire the remaining interest in Jaldi in exchange for Pixelworks common stock.

Jaldi is pioneering reconfigurable DSP designs for advanced video and graphics processing. Jaldi's full-featured, high-performance reconfigurable DSP semiconductor designs are customizable through software that simplifies the complex programming of the chip. This flexible architecture provides next-generation image quality at low cost. This design approach parallels the Pixelworks ImageProcessor Architecture by integrating system-on-a chip design with software tools. Jaldi Semiconductor has selected the same 80x86 microprocessor core used in Pixelworks' market-leading ImageProcessor ICs. By sharing a common microprocessor core, the companies are planning to enable customers to leverage their investment in Pixelworks software across a common architecture that integrates Jaldi technology.

"We are excited to be partnering with a creative and experienced engineering team who has developed cutting-edge reconfigurable DSP technology. Jaldi technology is a great fit with Pixelworks' design architecture. Both companies use highly integrated system-on-a-chip designs that leverage software allowing our customers to deliver new levels of performance and features for the next wave of advanced display products," said Allen Alley, CEO, President and Chairman of Pixelworks.

"We are thrilled to be working with the leading semiconductor company in the advanced display market. Pixelworks opens the door for our reconfigurable DSP technology to be adopted by the world's leading consumer electronics manufacturers," said Lance Greggain, President and CEO, Jaldi Semiconductor Corporation.

Pixelworks will invest \$7.5 million in exchange for a minority equity interest in Jaldi Semiconductor Corporation. Pixelworks will have the option to purchase the remaining interest in the company for 1.85 million shares of Pixelworks common stock, and has agreed to do so upon Jaldi's successful completion of specific development milestones.

About Jaldi Semiconductor Corporation

Jaldi Semiconductor is designing high performance ICs and cores based on their patent pending application specific reconfigurable Digital Signal Processing architecture, algorithms and software for the advanced television industry. The company was founded in May 1999 in Toronto, Canada and employs 27 engineers.

About Pixelworks, Inc.

Pixelworks, headquartered in Tualatin, Oregon, is the leading provider of system-on-a-chip ICs for the advanced display market. Pixelworks' solutions process and optimize video, computer graphics and Web information for display on a wide variety of devices used in business and consumer markets. Pixelworks ImageProcessor Architecture powers the world's most highly regarded flat panel display products, including monitors and projectors marketed by Compaq, Dell, NEC-Mitsubishi, Samsung, Sony and ViewSonic. For more information, please visit the company's Web site at www.pixelworks.com.

Pixelworks is a trademark of Pixelworks, Inc. All other trademarks and registration marks are the property of their respective corporations.

Safe Harbor Statement

This press release contains statements, including statements regarding the Company's investment in and relationship with Jaldi Semiconductor, that are forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Actual results could vary materially from the description contained herein due to many factors including the following: technology development risks, business and economic conditions, competitive factors, such as the emergence of or competitive success of rival chip architectures, continued success in technological advances, shortages of manufacturing capacity from our third-party foundries, litigation involving antitrust and intellectual property, the non-acceptance of the combined technologies by leading manufacturers, and other risk factors listed from time to time in the company's Securities and Exchange Commission filings. In addition, such statements are subject to the risks inherent in investments in and acquisitions of technologies and businesses, including the timing and successful completion of technology and product development from design through volume production, integration issues, unanticipated costs and expenditures, changing relationships with customers, suppliers and strategic partners, potential contractual, intellectual property or employment issues, accounting treatment and charges, and the risks that the investment or acquisition cannot be completed successfully or that anticipated benefits are not realized. The forward-looking statements contained in this press release speak only as of the date on which they are made, and the company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this news release. If the company does update one or more forward-looking statements, investors and others should not conclude that the company will make additional updates with respect thereto or with respect to other forward-looking statements.