



Pixelworks™ ImageProcessor Architecture Selected for New Compaq Advanced Projector and Flat Panel Monitors

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Tualatin, Ore., October 20, 1999 — Pixelworks announced today that Compaq Computer Corporation (NYSE:CPQ), the world's second largest computer company and world leader in computer monitor sales, has selected Pixelworks ImageProcessor display controllers for its newest advanced display products — the MP1600 Microportable Projector and a new line of flat panel monitors. Pixelworks confirms that Compaq is the first company to use Pixelworks' innovative single-chip ImageProcessor architecture to deliver unsurpassed computer graphics and video image quality in both projectors and flat panel display monitors.

The Pixelworks ImageProcessor architecture enables Compaq to offer advanced image enhancement features in its new projector and line of flat panel monitors including wide ranging compatibility with nearly every personal computer and video sources including broadcast, satellite, cable and digital television, VCRs and DVD players. Pixelworks ImageProcessors automatically interpret and adjust incoming computer graphics and video signals to ensure the highest quality images are displayed. The unique Pixelworks' automatic image optimization gives users true plug and play functionality.

By integrating Pixelworks ImageProcessors as a common display controller architecture in its latest generation of advanced display products, Compaq was able to bring innovative products into a dynamic and highly competitive market quickly.

"The creation of breakthrough projection and flat panel desktop monitor products requires the integration of advanced technologies and innovative design. Pixelworks ImageProcessors deliver the richest display controller feature set in an easy-to-implement solution. Pixelworks ImageProcessors have provided Compaq with a real competitive advantage in developing market-leading display products with quick time-to-market execution," said John Morriss, Director and Business Unit Manager of Commercial Displays, Compaq Computer Corporation.

"We are thrilled that Compaq has selected Pixelworks as the ImageProcessor technology of choice for the latest generation of their groundbreaking projectors and flat panel monitors," said Allen Alley, CEO and Chairman of Pixelworks. "We are confident these new Compaq products will achieve significant success in a very dynamic market. We look forward to working with Compaq on their next advanced display projects."

The MP1600 Microportable Projector is the world's smallest projector weighing in at only 4.2 pounds and a volume of 175 cubic inches. The fully featured XGA-resolution DLP projector delivers plug and play performance, 600 ANSI lumens of brightness and multiple interfaces.

About ImageProcessor Technology

Pixelworks ImageProcessors are a significant enabling technology driving the broad adoption of advanced display products. Pixelworks ImageProcessors "system-on-a-chip" integrated circuits (ICs) are the world's first and only single-chip display controllers. ImageProcessors from Pixelworks are creating new benchmarks in image quality, broad compatibility, effortless ease of use and lower overall system cost for advanced display products.

ImageProcessors replace several discrete components dramatically lowering costs and speeding time to market. Pixelworks ImageProcessors common display controller platform can be used with advanced display product including monitors, projectors and televisions using LCD, gas plasma and Digital Light Processing (DLP) technologies.

About Pixelworks, Inc.

Pixelworks is the developer and global supplier of "system-on-a-chip" ImageProcessors, a significant enabling technology driving the broad adoption of advanced display products. Using proprietary technologies and advanced design methodologies, the company designs, develops and supplies integrated circuits for some of the most significant display markets including flat panel monitors, televisions and multimedia projectors.

Pixelworks Inc., headquartered in Tualatin, Oregon, is a privately held fabless semiconductor company founded in 1997. The company introduced the world's first ImageProcessor in 1998. Pixelworks is one of Red Herring's "Ten to Watch" for 1999, a recognition of companies in the early stage of development that show promise of growing into global technology leaders. For more information about Pixelworks, call 503-612-6700 or visit the company's Web site at <http://www.pixelworksinc.com>.