



## Pixelworks™ Secures Mezzanine Round of Venture Capital to Support Growth

June 18, 1999

*Company Expands into Larger Headquarters to Accommodate Growing Team*

Tualatin, Ore., June 18, 1999 – Pixelworks, Inc., the inventor of the ImageProcessor and the emerging leader in interfacing flat panel displays, today announced it received \$11.6 million in venture capital funding to fuel growth for the company. The mezzanine round of private equity for the Oregon-based fabless semiconductor company included previous investors Sequoia Capital, Battery Ventures and the Enterprise Development Fund. Charter Ventures joined this round for its first investment in the company.

As the inventor of ImageProcessors, two-year-old Pixelworks is leading a transformation in the display technology industry toward integrated technology solutions for interfacing flat panel displays. ImageProcessor system-on-a-chip, integrated circuits (ICs) are single-chip display controllers that replace several discrete components, meaning dramatically lower overall electronics, and hence lower product cost.

This latest round of funding counts among the top five venture capital investments in the semiconductor industry since 1997. The capital will fund development of the next generation of ImageProcessors in order to continue to drive the breakthrough technology into new flat panel display markets. The global market for flat panel displays is expected to grow from \$14 billion in 1998 to \$29 billion in 2004.

"Pixelworks has been experiencing outstanding growth in every measurable way, from new products, design wins, customers and personnel," said Allen Alley, CEO of Pixelworks. "The market has embraced ImageProcessors which are driving a trend toward more affordable and easier to use flat panel display products. We have the team, technology, partners and resources to take this company to the next level."

Mark Stevens, partner with Sequoia Capital, added: "We see Pixelworks as one of the bright, young stars in the semiconductor industry. The demand for flat panel displays is growing at an explosive rate and Pixelworks is supplying technology to enable them to become more popular. The company continues to exceed our expectations through a combination of state-of-the-art technology and excellent management."

Prior investments in Pixelworks included a second round of \$6.6 million in April 1998 and an initial round of \$1.25 million in June 1997.

Growth Requires Move into Larger Headquarters In another significant milestone for Pixelworks, on June 1 the company relocated to a new headquarters building in Tualatin. The 23,000 square foot space groups the entire company in a single office building and more than quadruples the amount of usable office space. Prior to the move, Pixelworks leased space in four separate office buildings in downtown Tualatin.

"The new office building is critical to helping our teams communicate more efficiently," said Alley. "We expect this space will accommodate Pixelworks for the next two years and will give us the room to implement some exciting services for our customers."

The new headquarters will be phased in over time as the team continues to grow. As part of the facility, Pixelworks is integrating a training center and laboratory to help its customers deliver ImageProcessor-enabled products to market in shortest amount of time. The new office building is located at 7700 SW Mohawk Street, Tualatin, Oregon 97062.

### **About ImageProcessor Technology**

ImageProcessors from Pixelworks Inc. are a breakthrough in display controller technology for flat panel display products that will accelerate the adoption of products using the increasingly popular flat panel technology. ImageProcessor ICs are the first time an integrated, flat panel display controller is contained on a single chip. The ImageProcessor will enable flat panel display products that deliver unsurpassed image quality regardless of input source format, with no user intervention, at the lowest cost. Applications for this exciting new product include LCD monitors, plasma displays, projection systems, and television sets.

Pixelworks ImageProcessors will enable a new generation of flat panel display products that are capable of showing both computer and video signal input. By supporting input resolutions up to UXGA and HDTV with complete image resizing, frame rate conversion, and automatic image optimization, display products using Pixelworks ImageProcessors will set new standards for image quality and ease of use. With their high level of integration and complete design environment, Pixelworks ImageProcessors mean the fastest time to market for display product manufacturers; a compelling benefit in this hyper-paced product development environment. Flat panel display products utilizing Pixelworks products will be available in the second quarter of 1999.

### **About Pixelworks, Inc.**

Pixelworks Inc., headquartered in Tualatin, Oregon, is a privately held fabless semiconductor company founded in 1997. The company, which introduced the ImageProcessor, is a leader in the area of "system-on-a-chip" levels of integration for enabling the future of display technology such as flat panel monitors and televisions. Pixelworks was named as one of Red Herring's "Ten to Watch" for 1999 to recognize 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.