



## Pixelworks Exercises Option to Acquire Remaining Interest in Jaldi Semiconductor

May 2, 2002

TUALATIN, Ore., May 2, 2002 (BUSINESS WIRE) -- Pixelworks, Inc. (Nasdaq:PXLW), a leading provider of system-on-a-chip ICs for the advanced display market, today announced that it has exercised its option to acquire all of the remaining outstanding shares and options of Jaldi Semiconductor Corporation in exchange for 1.85 million shares of Pixelworks Common Stock.

Jaldi's innovative, reconfigurable DSP technology will extend Pixelworks' industry leading ImageProcessor Architecture. By sharing a common microprocessor core, customers can leverage their investment in Pixelworks software across a common architecture to develop a range of advanced display products resulting in faster time to market at competitive prices.

"The creative and experienced team at Jaldi will accelerate Pixelworks' presence in the advanced television market with advanced video processing system-on-a-chip technology. We are looking forward to working as one team to leverage complementary technologies in order to raise the bar for advanced video performance at competitive prices," said Allen Alley, President, CEO and Chairman of Pixelworks.

"We are proud to join the Pixelworks team which has earned a reputation for setting the standard for innovation in the advanced display industry," said Lance Greggain, Chief Executive Officer and co-founder of Jaldi. "We have been collaborating with Pixelworks to bring our cutting edge performance and features to the consumer television market."

The acquisition is expected to close in the third quarter and will be accounted for under the purchase method of accounting. Pixelworks expects to record a one-time charge in the quarter ending September 30, 2002, for purchased in-process research and development expenses related to the acquisition.

### About Pixelworks, Inc.

Pixelworks, headquartered in Tualatin, Oregon, is a 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, projectors, and advanced televisions marketed by Compaq, Dell, NEC-Mitsubishi, Samsung, SANYO, Sharp, Sony and ViewSonic. For more information, please visit the company's Web site at [www.pixelworks.com](http://www.pixelworks.com).

### About Jaldi Semiconductor Corporation

Jaldi is a privately held, development stage, fabless semiconductor company 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. Founded in May 1999, Jaldi is headquartered in Markham, Ontario, a suburb of Toronto, and the company has approximately 30 employees.

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 that are forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995. Such statements are based on current expectations, estimates and projections about the company's business. 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 those described above and the following: business and economic conditions, changes in growth in the flat panel monitor, multimedia projector, and advanced television industries, changes in customer ordering patterns, competitive factors, such as rival chip architectures, pricing pressures, insufficient, excess or obsolete inventory and variations in inventory valuation, 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 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.

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