



Pixelworks ImageProcessor Technology Helps InFocus Achieve Success with \$999 X1 Digital Projector

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TUALATIN, Ore., Jul 16, 2003 (BUSINESS WIRE) -- Pixelworks, Inc. (Nasdaq:PXLW), a leading provider of system-on-chip integrated circuits for the advanced display market, announced today that InFocus, the world leader in digital projection and services, is using Pixelworks cost-effective ImageProcessor system-on-chip ICs to help deliver the top-selling X1 projector at the breakthrough price of \$999.

Pixelworks ImageProcessor technology delivers outstanding image quality and makes projectors easier to use while helping projector manufacturers lower costs.

Award-winning Pixelworks scaling technology allows projector manufacturers to use less expensive SVGA display technologies even though business customers are connecting projectors to higher resolution XGA notebook computers. With Pixelworks scaling, high-resolution content can be displayed on lower resolution displays by intelligently removing information without degrading image quality.

Pixelworks technology makes life easier for projector users, especially new projector users, by sensing incoming video or computer graphics signals and automatically configuring the display to produce the best possible projected image. Whether in the conference room or the living room, Pixelworks Digital Keystone Correction greatly increases the options for where projectors can be placed in a room and still project a square, high quality picture.

A new segment of "cross-over" projector users are using projectors in the office for presentations and at home for movies and video games. Pixelworks video processing technology dramatically enhances the quality of video to project clear, natural-looking, larger-than-life images on the big screen.

"Offering an affordable projector is a critical part of our strategy to broaden the market to new users and applications," said Kyle Ranson, Executive Vice President of Worldwide Sales & Marketing at InFocus. "The success of the affordably priced X1 further demonstrates our leadership and dedication to delivering powerful and innovative projectors to the widest possible audience."

"A new generation of projectors breaking the \$1,000 price point is driving significant growth in the projection market," said Bob O'Donnell, IDC Research Director, Personal Technology. "With prices below \$1,000, these new projectors are opening the market to more business users and educators. These new price points are also attracting home users who for the first time are beginning to consider projectors as a viable alternative to large screen rear projection televisions."

"We are excited to be working with InFocus, the leader in digital projectors, to cost effectively deliver outstanding performance and ease of use for first-time projector owners," said Brad Zenger, Senior Vice President of Sales and Marketing at Pixelworks, Inc. "The new sub-\$1,000 pricing shows that there is an untapped market for projectors and we are concentrating on developing cost-effective image processing technologies that will continue to drive growth in this rapidly expanding market."

InFocus has positioned the X1 at \$999 to offer an unparalleled combination of image quality, flexibility and ease of use that outperforms many projectors priced twice as high. At a portable 6.8 pounds (3.1-kg), the versatile X1 offers outstanding video quality, 1100 lumens of brightness, the industry's highest contrast ratio (2000:1), and a 3000-hour lamp life resulting in the lowest cost of continued ownership.

About Pixelworks, Inc.

Pixelworks, headquartered in Tualatin, Oregon, is a leading provider of system-on-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, including flat-panel monitors, digital televisions and multimedia projectors. Our broad IC product line is used by the world's leading manufacturers of consumer electronics and computer display products to enhance image quality and ease of use. For more information, please visit the company's Web site at www.pixelworks.com.

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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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