



EPSON Incorporates Pixelworks Technology Into New Sub-\$1,000 Multimedia Projector

July 22, 2003

TUALATIN, Ore.--(BUSINESS WIRE)--July 22, 2003--Pixelworks, Inc. (Nasdaq:PXLW), a leading provider of system-on-a-chip ICs for the advanced display market, announced today that Epson, the world leader in LCD digital projection, recently introduced the \$999 EPSON PowerLite(R) S1, the latest entry in Epson's "Value Series" of multimedia projectors using Pixelworks ImageProcessors.

The EPSON PowerLite S1 portable projector offers a new level of affordability with the goal of attracting new customers to the digital projection market.

The PowerLite S1 delivers a high level of performance for use with both computer graphics and video sources. Pixelworks technology helps Epson maximize the image quality of Epson's three 0.5-inch LCD panels that produce SVGA-resolution images with Pixelworks industry leading scaling technology as well as digital keystone correction, video color correction, and aspect ratio conversion. Epson has also utilized the Pixelworks ImageProcessor Architecture to make the PowerLite S1 as easy to use as possible by implementing a series of intuitive on-screen menus.

"Pixelworks continues to work closely with Epson to fulfill our goal of delivering digital projectors that maximize value to customers while enhancing our reputation for high levels of image quality and ease of use," said Jim Hall, director, audio/visual products, Epson America.

"Epson was one of our earliest customers, so it is particularly rewarding to see that together our technologies are continuing to set new standards for digital projectors," said Brad Zenger, Senior Vice President of Sales and Marketing of Pixelworks, Inc. "We are particularly excited to see that Epson is opening new doors, by designing products specifically for sub-\$1,000 pricing, that will invite new customers into the market."

For more information on the EPSON PowerLite S1 and the entire "Value Series," call 800-442-1977 or visit Epson's Web site at <http://www.epson.com>.

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.

About EPSON

Epson offers an extensive array of award-winning image capture and image output products for the consumer, business, photography and graphic arts markets. The company is also a leading supplier of value-added point-of-sale (POS) printers and transaction terminals for the retail market. Founded in 1975, Epson America Inc. is the U.S. affiliate of Japan-based Seiko Epson Corporation, a global manufacturer and supplier of high-quality technology products that meet customer demands for increased functionality, compactness, systems integration and energy efficiency. Epson America Inc. is headquartered in Long Beach, Calif.

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

EPSON is a registered trademark of Seiko Epson Corporation. PowerLite is a registered trademark of EPSON America Inc.

Safe Harbor Statement

This press release contains statements, including statements concerning the acceptance of the combined technologies by leading manufacturers, 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 the non-acceptance of the combined technologies by leading manufacturers as well as the risks detailed from time to time in the company's Securities and Exchange Commission filings. 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.

CONTACT: Pixelworks

Media Inquiries:

Chris Bright, 503-454-1770

cbright@pixelworks.com

or

Investor Inquiries

Jeff Bouchard, 503-454-1750 ext. 604

jeffb@pixelworks.com

Web site: www.pixelworks.com

SOURCE: Pixelworks, Inc.