



Philips and Pixelworks to Deliver Low-Cost Reference Design For Rapidly Growing LCD Television Market

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BERLIN--(BUSINESS WIRE)--Aug. 29, 2003--Royal Philips Electronics (AEX:PHI)(NYSE:PHG) and Pixelworks, Inc. (Nasdaq:PXLW) announced today their Baseline LCD TV reference design targeting the lowest priced, highest volume segment of the LCD television market. This design underlines the shared commitment of Philips and Pixelworks to provide a global, low-cost reference design for the mainstream segment of the LCD TV market. It combines the industry leading experience of Philips in mainstream televisions and of Pixelworks in image processing.

The Baseline LCD TV reference design will help enable the fast growth of LCD televisions that is forecast over the next 18 months by enabling global TV manufacturers to achieve a rapid time to market required to succeed in a market that is transitioning from traditional CRT to flat-screen matrix TV displays. According to DisplaySearch, LCD television unit shipments are expected to grow from 9.8 million units in 2004 to more than 32 million units at the end of 2007. This growth is driven by rapid price declines in LCD TVs in all regions of the world, consumers' preference for flat-screen TV solutions and rapid advancements in screen resolution, aspect ratio and picture enhancement techniques.

"Philips is committed to drive the high-volume LCD segment of the advanced television market as a cornerstone of the connected home, for which cost and time-to-market are the most critical elements," said Leon Husson, executive vice president, Consumer Businesses of Philips Semiconductors. "Teaming up with Pixelworks is part of our strategy to quickly complete our offerings for the matrix display TV market, now covering all price points from low-end mainstream LCD-TV up to advanced digital TV designs. Volume growth in the LCD TV market is fueled by a quick cost-down path. This is part of our strategy to reduce system costs by a high degree of integration, as we have proven with the previous generation of UOC for CRT, where we have been recognized as the pioneer in true one-chip television solutions."

"Since we introduced the concept of Advanced TV reference designs in January, more than 60 advanced televisions are currently in development worldwide using these designs. Teaming up with Philips helps us to extend our leadership into the highest volume segments of advanced televisions where we are helping existing customers and new entrants to achieve very fast time-to-market at low price points," said Allen Alley, President, CEO and Chairman of Pixelworks, Inc.

The Baseline LCD TV reference design is based on the Philips' Ultimate One Chip III (UOC III, TDA12xxx family) that includes a video decoder, 2D comb filter, high-quality audio processing, Teletext for the European region and Closed Caption/V-chip functionality for the U.S. market in a single family of pin compatible ICs. The UOC family has proven its value in the mainstream TV market as a price competitive global TV solution. Almost one out of two televisions worldwide has a UOC of Philips in it. The current UOC-based TV market is transitioning now to the third generation product offering. The UOC III proves its value in the transition from CRT-based to matrix display-based TV solutions, providing a low-cost front-end solution for this reference design.

With the PW1306 ImageProcessor IC from Pixelworks, this latest reference design provides outstanding standard- and high-definition picture quality, accurate color fidelity and global compatibility including PAL and NTSC formats for LCD TVs. The PW1306 combines award-winning scaling, an integrated ADC, advanced OSD, a 16-bit microprocessor, video de-interlacer and video enhancement filters.

The Baseline LCD TV reference design enables global television manufacturers to achieve minimal design cycles required to quickly enter into or expand on their position in a market that is rapidly transitioning from traditional CRT to flat-screen matrix TV displays. This transition is facilitated by the Philips Global TeleVision (GTV) software development environment, which enables TV manufacturers to re-use their CRT TV software design in a LCD TV product. In addition, this reference design will be released as part of Pixelworks' complete family of Reference Designs, with a common hardware and software architecture, delivering compelling performance from the most cost sensitive segments of the market to the most demanding, feature rich segments allowing makers of advanced display products the fastest way to take advantage of the explosive growth in advanced display products such as LCD TVs.

The Philips-Pixelworks reference design will be demonstrated by appointment during IFA 2003 in the Hotel Berlin by Philips as well as in the Pixelworks suite located in the The Berlin Excelsior Hotel by calling +44 7979 755749.

Pricing and Availability

Both ICs on which the reference design is based are in mass production today, and will further ramp-up during the upcoming months. Price of the combined chipset is below \$20 for volumes over one million units, dependent on the exact version (feature set/performance level) of the ICs.

About Royal Philips Electronics

Royal Philips Electronics of the Netherlands is one of the world's biggest electronics companies and Europe's largest, with sales of EUR 31.8 billion in 2002. It is a global leader in color television sets, lighting, electric shavers, medical diagnostic imaging and patient monitoring, and one-chip TV products. Its 164,000 employees in more than 60 countries are active in the areas of lighting, consumer electronics, domestic appliances, semiconductors, and medical systems. Philips is quoted on the NYSE (symbol:PHG), London, Frankfurt, Amsterdam and other stock exchanges. News from Philips is located at: www.semiconductors.philips.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 including flat-panel monitors, digital televisions and multimedia projectors used in business and consumer markets. 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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