



## Pixelworks Will Release New Generation of Photopia ICs for Advanced TVs and Digital Projectors at CES '04

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New family of ImageProcessor ICs Feature DNX(TM) Video Processing Technology That Sets a New Benchmark for Video Quality by Optimizing the Entire Signal Path

TUALATIN, Ore.--(BUSINESS WIRE)--Jan. 5, 2004-- Pixelworks, Inc. (Nasdaq:PXLW), a leading provider of system-on-chip ICs for the advanced display market, today announced that it will release its highly anticipated Photopia family of ICs at the International Consumer Electronics Show in Las Vegas this week. The Photopia family architecture is Pixelworks' newest generation of system-on-chip ICs targeting the advanced television and digital projector markets that sets a new standard for video quality and cost-effective performance, including offering the first widely available solution for deinterlacing 1920-by-1080 resolution HDTV content and showing one billion-color 10-bit processing.

The Photopia family of ImageProcessor chips, which initially includes seven parts, combines Pixelworks' industry leading scaling technology with a newly developed deinterlacing and video enhancement technology that sets the benchmark for video performance, particularly when paired with Pixelworks Video SignalProcessor ICs such as the PW2200 video decoder. In addition, Photopia ImageProcessor ICs offer a powerful user interface and windowing engine designed for the entire spectrum of video devices, ranging from mainstream LCD televisions to high-performance digital projectors for both home theater and business presentation use.

With the introduction of the Photopia family, Pixelworks is also launching the video processing technology called DNX -- Digital Natural Expression(TM). Pixelworks DNX video processing technology dramatically improves the quality of video images by combining multiple enhancement techniques to deliver clear, natural-looking standard and high-definition video images. DNX technology utilizes sophisticated digital video processing to deliver a lifelike picture through a combination of noise reduction, standard and high definition video format motion adaptive deinterlacing, 10-bit color processing, advanced scaling, dynamic edge enhancement, and low-angle line smoothing technology.

"Photopia is the most important chip architecture in the company's history and will be key in maintaining our leadership in LCD televisions and digital projectors in 2004. Our world-class engineering team has outdone itself in raising the bar on video performance while simultaneously lowering the overall cost of advanced video electronics that will enable this design to be used in every class of advanced display that shows video," said Allen Alley, CEO, president and chairman of Pixelworks, Inc.

The Photopia ImageProcessor family offers the following list of features:

- DNX Deinterlacing with LAI technology uses video processing algorithms, including advanced motion-adaptive deinterlacing for both standard television formats and also high definition television formats, automatic film mode detection with 3:2 and 2:2 pull-down, advanced noise reduction and low angle edge detection to virtually eliminate 'jaggies' and other image artifacts.
- DNX PixelBoost(TM) technology improves pixel response rates to eliminate blurring in fast-motion video as seen on some LCD panels.
- DNX Rich Color Processing technology is the first low-cost technology for rendering more than one billion colors with 10-bit color processing and also remaps a display's color palette intelligently to optimize content appearance based on specific characteristics of the particular display technology.
- DNX Advanced Scaling technology intelligently resizes HD and standard-resolution images to fit a wide variety of standard and widescreen displays.
- DNX Video Enhancement technologies such as DCTI/DLTI, white/black level expansion and digital luminance peaking produce sharp, rich picture quality.
- Enhanced Intelligent Windowing allows total user control for managing multiple content, including Split Screen, POP, and PIP with alpha blending.
- Advanced 256-color bit-mapped on-screen display features provide for high-quality user interfaces.

The Photopia ImageProcessor IC family includes the following seven products: PW318, PW218 and PW118 for the advanced television market; and the PW388, PW385, PW288, and PW185 for the digital projector market. Photopia ImageProcessor ICs are currently sampling to customers and will begin production shipments in the first half of 2004 ramping to volume shipments in the second half of 2004. For maximum video quality, Pixelworks will introduce new versions of its innovative 'TV in a Box' Production Reference Designs based on Photopia ImageProcessor ICs that include Video SignalProcessor ICs for a complete design solution.

To learn more about the Photopia ImageProcessor IC family, contact the Pixelworks sales office in your region. A list of contacts is available at [www.pixelworks.com/contact](http://www.pixelworks.com/contact).

About Pixelworks, Inc.

Pixelworks, headquartered in Tualatin, Ore., 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](http://www.pixelworks.com).

#### Safe Harbor Statement

This press release contains statements that are forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995. Statements such as "will be key in maintaining our leadership" and "will begin production shipments in the first half of 2004 ramping to volume shipments in the second half of 2004" 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 business and economic conditions, changes in growth in the multimedia projector and advanced television industries; changes in customer ordering patterns; competitive factors such as rival chip architectures or pricing; discovery of any material and currently unknown product problems, insufficient, excess or obsolete inventory and variations in inventory valuation, continued success in technological advances, shortages of manufacturing capacity from or failures in timely delivery by 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, and potential contractual, intellectual property or employment issues. 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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