



Pixelworks Enables High-Performance Digital Projectors with Next Generation of ImageProcessor ICs Featuring Fully Integrated Memory and Video Processing

January 5, 2005

Initial products are the all-in-one PW390 and PW190 ImageProcessor ICs respectively for high-performance digital projectors and cost-sensitive systems

LAS VEGAS--(BUSINESS WIRE)--Jan. 5, 2005-- Pixelworks, Inc. (NASDAQ:PXLW), a leading provider of system-on-chip ICs for the advanced display market, today announced that it will begin sampling two new all-in-one ImageProcessor ICs for digital projectors that take integration of display electronics to a new level. By combining the entire signal path onto a single chip, the PW390 and PW190 ImageProcessor ICs significantly reduces overall system cost, complexity and size. Pixelworks is showing the new chips this week in its Technology Suite at the International Consumer Electronics Show in Las Vegas.

This new family of ImageProcessor chips for the digital projection market features the powerful video processing technologies from the PW385B ImageProcessor chip and the PW2300 Video SignalProcessor IC to create a single-chip solution.

The PW190 ImageProcessor IC is ideally suited to cost-sensitive projectors that demand high integration and small form factors. Features of the PW190 include a 2-D video decoder, high-speed ADC and second generation of DNX(TM) deinterlacing technology. The PW190 also adds vertical keystone correction, new color enhancement technologies, vertical peaking to enhance image sharpness and technology to reduce peripherals such as low-speed ADCs, DACs, additional UARTs and USB1.1. Importantly, the PW190 adds integrated memory to further reduce the circuit board size and to simplify design requirements.

The PW390 ImageProcessor chip is optimized for high-performance digital projectors that demand best-of-class video, functionality and source compatibility. The PW390 shares the same features as the PW190, except for the integrated memory, but enhances the feature set by offering dual-channel processing to support intelligent windowing functionality including PIP/POP/PBP, Gigacolor(TM) 10-bit color processing and high-speed 12-bit output to support the latest in display technologies.

"With our new PW390 and PW190 ImageProcessor chips, Pixelworks continues to redefine electronics integration for the extremely demanding digital projection market. Our technology will advance cost-optimized manufacturing for our customers as we continue to add feature and performance to our products," said Allen Alley, CEO, President and Chairman of Pixelworks, Inc. "By achieving this important milestone of bringing video signal processing into a single chip, we are bringing the industry one step closer to our vision of a handheld projector."

The PW390 and PW190 also include the following capabilities:

- A proven video decoder that is compatible with PAL, SECAM and NTSC video formats.
- Support for high-resolution projection engines, including 1080i progressive output resolutions.
- Pixelworks' advanced DNX(TM) -- Digital Natural Expression(TM) video technology for the best performance in the industry, including newer features such as flesh-tone correction, black and white expansion and sharpening techniques including horizontal and vertical peaking. Learn more about DNX at www.dnx.tv.
- Peripherals to reduce system size and cost featuring technology specifically designed for the control and feedback systems in projectors such as low-speed ADCs, DACs and UARTs.

The products will sample to customers this month with production shipments in the second quarter followed by volume production in the second half of 2005. To learn more about the PW190 and PW390 ImageProcessor ICs, contact the Pixelworks sales office in your region. A list of contacts is available at www.pixelworks.com/contact.

About Pixelworks, Inc.

Pixelworks, headquartered in Tualatin, Oregon, is a leading provider of system-on-chip ICs for the advanced display industry. Pixelworks' solutions provide the intelligence for advanced televisions, multimedia projectors and flat panel monitors by processing and optimizing video and computer graphics signals to produce high quality images. Many of the world's leading manufacturers of consumer electronics and computer display products utilize our technology to enhance image quality and ease of use of their products.

For more information, please visit the company's Web site at www.pixelworks.com.

Pixelworks, DNX, Digital Natural Expression and Gigacolor are trademarks of Pixelworks, Inc. Any other trademarks are the property of their respective owners.

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 "products will sample to customers this month with production shipments in the second quarter followed by volume production in the second half of 2005" 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 industry; the non-acceptance of the combined technologies by leading manufacturers; competitive factors such as rival chip architectures or pricing; discovery of any material and currently unknown product problems; shortages of manufacturing capacity from or failures in timely delivery by our third-party foundries; litigation involving antitrust and intellectual property 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, 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.

CONTACT: Pixelworks, Inc.

Media Inquiries:

Chris Bright, 503-454-1770

cbright@pixelworks.com

or

Investor Inquiries:

Jeff Bouchard, 503-454-1771

jeffb@pixelworks.com

or

www.pixelworks.com

SOURCE: Pixelworks, Inc.