New Pixelworks(TM) "Pearl" ImageProcessor ICs Integrate HDMI Interface and New Video Performance Enhancements for "Best in Class" Advanced TV and Digital Projector Solutions

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LAS VEGAS--(BUSINESS WIRE)--Jan. 6, 2006--Pixelworks, Inc. (NASDAQ:PXLW), a leading provider of system-on-chip ICs for the advanced display industry, announced today that it is releasing its Pearl family of ImageProcessor ICs as the latest high-performance video and image processing solution for the advanced television and digital projector markets. The Pearl ImageProcessor ICs build on Pixelworks' previous generation of ImageProcessor ICs by integrating an internal HDMI receiver, PixelAmp(TM) video enhancements, a fifth-generation 12-bit video decoder and a 10-bit ADC.

The integrated HDMI receiver included in our next generation of ImageProcessor ICs allows an ImageProcessor to directly receive the digital HDMI signal that is rapidly being adopted by consumer electronics manufacturers. HDMI, or High-Definition Multimedia Interface, is the only digital interface to combine uncompressed HD video, multi-channel audio and command data onto a single cable which simplifies consumer electronics devices while integrating content protection.

The 10-bit ADC and 12-bit video decoder in the Pearl family are designed to deliver better video performance by processing the increased video bandwidth necessary for high-definition content and rich color depth which is needed for the best experience when watching HD sources. The higher bit rates allow consumers to enjoy advanced televisions with more realistic color and image performance. The Pearl video decoder includes an adaptive 5-line comb filter and a versatile VBI-data decoder that also includes optimized PAL performance for the European market.

The family of Pearl ImageProcessor ICs adds our exclusive PixelAmp Video Enhancement Core which is an innovative set of digital processing technologies including 2D peaking and 10-axis color control. Additional DNX(TM) video technology enhancements include advanced 3D noise reduction, MPEG noise reduction, black/white expansion, enhanced low-angle interpolation and dual DCTI/DLTI image control. The impact of these technologies is improving video images from any source using hardware specifically designed to enhance the colors, improve the sharpness, dynamically improve the contrast, and perform special processing for edges, which together helps to create a spectacular video image.

"At CES 2006 we are showcasing our latest Pearl ImageProcessor ICs that are designed to significantly boost video performance while lowering system costs with additional integration," said Allen Alley, President, CEO and Chairman of Pixelworks. "Our engineering teams are continually driving to create breakthrough technologies that make our customers successful in the competitive television market and Pearl represents one of the most advanced video and image processing available in the market today."

The family of Pearl ImageProcessor ICs will be sampling in the first quarter. To learn more about these products, 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.

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 "The family of Pearl ImageProcessor ICs will be sampling in the first quarter" 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 advanced display industry, including without limitation the HDTV or digital projector industries; the non-acceptance of the 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.
Jeff Bouchard, 503-454-1771 (Investor Inquiries)
jeffb@pixelworks.com
or
Chris Bright, 503-454-1770 (Media Inquiries)
cbright@pixelworks.com
www.pixelworks.com

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