Pixelworks(TM) Launches Cost-Effective DTV Solutions For Worldwide Standards with New Generation of MediaProcessor ICs

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LAS VEGAS--(BUSINESS WIRE)--Jan. 6, 2006-- PWM2020 and PWM2030 ICs are available in new DTV reference designs for ATSC and DVB broadcast standards that simplify development with the robust Indigo(TM) software

Pixelworks, Inc. (NASDAQ:PXLW), a leading provider of system-on-chip ICs for the advanced display industry, announced today a new generation of MediaProcessor ICs for DTVs throughout the world. The PWM2020 and PWM2030 MediaProcessor ICs bring a new range of solutions to advanced television manufacturers and are production-ready with new Advanced DTV Reference Designs that include a full hardware layout and software bundle for ATSC and DVB-T digital broadcast standards.

The advantage of this new generation of MediaProcessor chips is that they utilize market-proven MPEG2 cores and leverage Pixelworks' Indigo software which has proven its production worthiness, stability and compatibility. The Indigo software architecture is Pixelworks' Linux-based operating system that can be used to create a seamless experience for consumers watching digital or analog content on a single system. Indigo uses a powerful Windows-based development tools for rapid development of production-ready designs.

The PWM2020 MediaProcessor IC is an ideal solution for designing cost-sensitive Digital Televisions and is available in two configurations that are optimized for its target region. The PWM2020L chip for use in ATSC systems can decode a single MP@HL stream of compressed digital video. The PWM2020QL for Europe's DVB-T broadcast standard processes dual MP@ML streams and will support MHEG5 and MHP software stacks. The PWM2020L uses Pixelworks' HD Smart Decode technology for minimizing system memory costs by intelligently decoding high-definition content using an advanced memory management scheme.

The PWM2030 MediaProcessor IC expands on the PWM2020's features by adding additional MPEG decoding power in order to handle multiple HD streams. The PWM2030 decodes a single complete stream of MP@HL content and is capable of processing dual streams of MP@HL using HD Smart Decode. In addition, it adds connectivity options via USB 2.0 and Ethernet connections. Media stored on flash disks, networks and removable drives can be plugged into an advanced television system for playback using these ports on the PWM2030.

"With Digital Television entering the mainstream, these MediaProcessor ICs will offer outstanding solutions for manufacturers that are high performance, cost-competitive and reliable," said Allen Alley, President, CEO and Chairman of Pixelworks. "We have made a significant investment in our Indigo software in 2005. These new chips leverage this investment and give our customers the best opportunity to get fully compliant, production proven, DTV solutions to market in the shortest possible time with the lowest risk."

The PWM2020 and PWM2030 MediaProcessor 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 "(t)he PWM2020 and PWM2030 MediaProcessor 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 ATSC and DVB 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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