



Pixelworks(TM) to Introduce New Line of ImageProcessor ICs Targeting the Advanced CRT Television Market at CES 2006

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LAS VEGAS--(BUSINESS WIRE)--Jan. 6, 2006-- The PW50 and PW60 ImageProcessor ICs Feature Proprietary Digital Deflection Control Technology for Truer On-Screen Images and Streamlined Manufacturing

Pixelworks, Inc. (Nasdaq:PXLW), a leading provider of system-on-chip ICs for the advanced display market, today announced a new generation of ImageProcessor ICs products for raising video quality standards for advanced CRT televisions. The new PixelGX and Opal CRT ImageProcessor ICs for advanced CRT televisions bring two new solutions for this cost-sensitive market that drive integration to new levels and debut Pixelworks' patent pending Digital Deflection Control technology.

Digital Deflection Control, or DDC, reduces system complexity and cost, provides more control over how the image appears on-screen and improves system reliability. Current digital CRTs use discrete analog chips to manipulate the scanning beam in order to achieve accurate images. Digital Deflection Control digitally pre-processes the video signal in order to achieve the correct screen geometry and image positioning to compensate for geometric distortion inherent in CRT technology.

PixelGX, or the PW50 ImageProcessor IC, is designed to create an HD-ready CRT optimized for lowest system cost. The PW50 works in tandem with any off-the-shelf analog-to-digital video decoder to provide advanced digital processing circuitry for a cost-effective system. By using Pixelworks' industry leading scaling and video enhancements, consumers will enjoy outstanding video performance from both standard-definition and high-definition sources.

The member of the Opal all-in-one ImageProcessor IC for CRTs, or the PW60 ImageProcessor chip, is a highly integrated CRT television solution with an analog-to-digital converter (ADC), multi-standard video decoder, deinterlacer, image scaler, DDC and a quadruple 10-bit digital-to-analog converter (DAC). The PW60 delivers rich features and performance, including high-quality motion-adaptive deinterlacing with enhanced low-angle processing, frame-rate conversion, advanced 3D noise reduction and a 3D comb filter. Additionally, the PW60 adds multiple DNX(TM) video enhancements and a 256-color on-screen display.

Advanced CRT televisions incorporate digital video processing technology such as de-interlacing, frame-rate conversion and image scaling and resizing into CRT-based systems. The advantage is that CRTs remain the lowest cost electronic display technology, so consumers can benefit by having improved image quality and the ability to display DTV images while enjoying cost-effective systems.

The advanced CRT market continues to be a huge opportunity, particularly popular in Asia and Europe, and will be important during the transition to digital broadcasting. According to iSuppli, more than 75 million advanced CRT televisions are forecast to be sold worldwide between 2006 and 2008.

"The PW50 and PW60 give Pixelworks a strong line-up of chips so we can continue to pursue business in the advanced CRT television market. In particular, Digital Deflection Control offers a new approach that can make an impact in a segment where new technologies are less common," said Mark Cui, Vice President and General Manager, China for Pixelworks. "These two new products show our commitment to continuing to serve this large and important market by developing technologies that span from baseline to premium advanced CRT TVs. Until prices on flat panels come down, the advanced CRT televisions serve as an outstanding compromise for many geographies desiring excellent performance on an affordable platform."

The PW50 and PW60 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.

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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 "more than 75 million advanced CRT televisions are forecast to be sold worldwide between 2006 and 2008" and "(t)he PW50 and PW60 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 advanced CRT industry; 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.

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