



Pixelworks Announces Resignation of Allen Alley as CEO and President Effective December 31, 2006; Will Continue as Chairman

December 13, 2006

Conference Call at 6 a.m. PST, December 13, 2006 - Pixelworks will host a conference call at 6 a.m. PST, December 13, 2006, which can be accessed at 719-457-2618 and using pass code 2726492. The conference call will also be available through a Web broadcast that can be accessed by visiting the Investor Relations section at www.pixelworks.com. A replay of the conference call will be available through December 15, 2006, and can be accessed by calling 719-457-0830 using pass code 2726492. A replay of the Web broadcast will be available through January 13, 2007.

TUALATIN, Ore.--(BUSINESS WIRE)--Dec. 13, 2006--The Board of Directors of Pixelworks, Inc. (Nasdaq:PXLW) announced today that Allen Alley will resign as the company's President and Chief Executive Officer, effective December 31, 2006. Mr. Alley will continue to serve as Chairman of the Board. Hans Olsen, Executive Vice President and Chief Operating Officer of Pixelworks, will serve as the company's interim President and CEO until Mr. Alley's successor is selected.

"I have been privileged to lead Pixelworks from its inception in 1997, through its IPO in 2000 and to its current position as a recognized technology innovator. I believe it is necessary for me to resign from my management responsibilities in order to allow a new team to complete our turnaround plan and move the company into its next phase," said Mr. Alley.

"We have instituted many changes designed to reduce our operating expenses and streamline our operations but we need to do more before our employees and shareholders can realize the full benefits of our leaner more focused organization. We have a great opportunity to return to a leading position in our industry with the right leader at the helm," Alley added.

"I have had two professional passions during the last 10 years, building Pixelworks and building a sustainable community in Oregon. With this change, I am looking forward to continuing my association with Pixelworks as Chairman, while freeing time for me to work on key initiatives in my community," Alley concluded.

"We are thankful to Allen for his tireless efforts on behalf of Pixelworks," said Frank Gill, Pixelworks' Lead Director. "He has served with integrity and passion and has established a solid foundation of corporate values on which we can continue to grow Pixelworks."

"All of us on the management team are committed to continuing the restructuring of the company to make Pixelworks leaner, more focused and globally competitive," said Mr. Olsen, Pixelworks' interim President and CEO.

Hans Olsen joined Pixelworks in July 1998 and has served as Executive Vice President and Chief Operating Officer since January 2001. Prior to joining the company, he served in executive positions at a variety of semiconductor companies including Trident Microsystems, Paradigm Technology, Inc. and Electronic Designs, Inc. Mr. Olsen currently serves on the Board of Directors of the Fabless Semiconductor Association.

The Board of Directors has formed a search committee which is commencing a worldwide search to fill the role of President and CEO of Pixelworks.

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, digital streaming media devices 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 is a trademark of Pixelworks, Inc. All other trademarks and registration marks are the property of their respective corporations.

Safe Harbor Statement

This release contains statements that are forward-looking statements within the meaning of the "Safe Harbor" provisions of the federal Securities Litigation Reform Act of 1995, including the statements regarding expected reductions in annualized operating expense and expected restructuring charges. Such statements 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 those described above and the following: the inability to achieve some or all of the expected operating expense reductions; higher than expected costs required to implement the restructuring plan; changes in growth in the advanced television, multimedia projector, digital media streaming device and flat panel monitor industries; changes in consumer confidence and spending, changes in customer ordering patterns or lead times; the success of our products in expanded markets; success in achieving operating efficiencies from our restructuring efforts; competitive factors, such as rival chip architectures, introduction or traction by competing designs, or pricing pressures; insufficient, excess or obsolete inventory and variations in inventory valuation; our product mix; new product yield rates, changes in regional demand for our product, non-acceptance of the combined technologies by leading manufacturers; changes in the recoverability of intangible assets and long lived assets; and other risk factors listed from time to time in the company's Securities and Exchange Commission filings.

The forward-looking statements we make today, speak as of today, and we do not undertake any obligation to update any such statements to reflect

events or circumstances occurring after today. Please refer to the risk factors in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 and subsequent SEC filings for a description of factors that could cause actual results to differ materially from the preliminary results announced.

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