



NASDAQ Cancels Erroneous Trades in Pixelworks Stock

July 26, 2007

TUALATIN, Ore.--(BUSINESS WIRE)--July 25, 2007--Pixelworks, Inc. (NASDAQ:PXLW), an innovative provider of powerful video and pixel processing technology, today announced that the NASDAQ Stock Market canceled erroneous trades made in Pixelworks securities on July 25, 2007 that were well below the market price of the company's stock.

A sell order, at market and unrestricted by any pricing limits, for a block of approximately 400,000 shares of Pixelworks stock was entered through NASDAQ's automated trading system at approximately 11:04 a.m. EDT. This single block represented approximately 125 percent of the company's average daily trading volume. This order triggered a series of trades, many of which were below the company's recent trading levels.

NASDAQ, per its rules, and on its own motion, identified the erroneous trades and broke any and all trades at or below a price of \$1.48 in Pixelworks stock executed from 11:04 a.m. through 11:06 a.m. EDT. NYSE Arca and the National Stock Exchange, Inc. also agreed to the same terms for breaking trades that affected their markets. NASDAQ then issued an alert to traders informing them of this action.

"We feel it is important to inform our shareholders of the adverse factors that impacted our stock price today. We have requested that NASDAQ investigate the series of events that created these unusual trades in our stock," said Steven Moore, Chief Financial Officer and Vice President of Finance of Pixelworks, Inc.

About Pixelworks, Inc.

Pixelworks, headquartered in Tualatin, Oregon, is an innovative provider of powerful video and pixel processing technology for manufacturers of digital projectors and flat panel display products. Pixelworks' flexible design architecture enables our unique technology to produce outstanding image quality in our customers' display products in a range of solutions including system-on-chip ICs, co-processor and discrete ICs. At design centers in Shanghai and San Jose, Pixelworks engineers relentlessly push pixel performance to new levels for leading manufacturers of consumer electronics and professional displays worldwide.

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

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