



## Pixelworks Collaborates with ASUSTeK to Deliver Superior Video Processing in PC Products

July 26, 2007

TUALATIN, Ore.--(BUSINESS WIRE)--July 26, 2007--Pixelworks, Inc. (NASDAQ:PXLW), an innovative provider of powerful video and pixel processing technology, announced today that the company and ASUSTeK Computer, Inc. have formed a strategic partnership to bring high-quality video processing into personal computer products.

As the line between personal computers and televisions continues to blur, people will increasingly use their PCs to watch video content. The PC is able to deliver such a wide variety of content that it provides consumers with a more flexible entertainment platform than a traditional television. Whether it will be used to play games, watch on-demand movies, internet videos, DVDs, or even television programs, ASUSTeK wants its PC products to provide a viewing experience equal to or better than televisions.

According to Jerry Shen, ASUSTeK Corporate VP and President of ASUS Open Optimal Platform Group, "Our customers today often connect their PC to large-sized LCD and plasma panels, where the video processing requirements are much higher than on a traditional PC monitor. In working with Pixelworks, ASUSTeK is demonstrating its commitment to video quality."

"Our collaboration with ASUSTeK, a recognized world leader in high technology manufacturing, validates our strategy to deliver the best in video and pixel processing performance in an easy to implement, flexible, value-add solution," said Hans Olsen, President and CEO of Pixelworks, Inc. "In addition to raising the video performance bar for LCD televisions, we are expanding our range and reach into consumer multi-media experiences for broader PC-based applications."

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](http://www.pixelworks.com).

About ASUS

ASUS is a leading provider of 3C total solutions. With a global staff of more than 100 thousand and a world-class R&D design team, the turnover for 2006 was 17.4 billion U.S. Dollars. ASUS has been ranked in Business Week InfoTech 100 for 9 straight years, and was ranked No.1 by the Wall Street Journal for best quality products in Taiwan.

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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. 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: changes in growth in the multimedia PC market; changes in consumer confidence and spending, changes in customer ordering patterns or lead times; 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; 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 our Annual Report on Form 10-K for the year ended December 31, 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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