Pixelworks Unleashes the Power of DNX(TM) Motion Engine(TM) Technology with the Announcement of the PW9800 for 100/120Hz Advanced Television Systems

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Innovative co-processer delivers better video performance and faster time to market

LAS VEGAS--(BUSINESS WIRE)--Jan. 7, 2008--Pixelworks, Inc. (NASDAQ:PXLW), an innovative provider of powerful video and pixel processing technology, today announced the PW9800 DNX(TM) Motion Engine(TM) IC, which uses proprietary algorithms to support high resolution 100/120Hz panels for advanced TVs. As a co-processor, the PW9800 chip works with any front-end IC solution to significantly improve the viewing experience of television systems. Pixelworks will demo the PW9800 at the International Consumer Electronics Show in Las Vegas, January 7-10, 2008.

The PW9800 family of ICs, which include the PW9800-10G (WXGA support) and PW9800-30G (Full-HD support), use proprietary motion compensation / motion estimation and frame interpolation algorithms to remove judder and blur in 100/120Hz systems, delivering on the promise of advanced television technology with ultra smooth playback of film and video content. The chips provide enhanced color, sharpness and contrast for more brilliant, crisper and smoother moving video -- resulting in an enhanced viewing experience, even with high-definition content.

For advanced television system manufacturers and OEMs, PW9800 ICs offer a low-cost, modular, and easy to integrate solution to support high resolution 100/120Hz panels. The chips allow for the highest level of video quality, tuned to meet any combination of front-end ICs and panels. Additionally, minimal software enables customers to reduce time to market.

"With first class de-judder and de-blur performance to enhance the viewing experience, our DNX Motion Engine technology establishes Pixelworks' leadership in the video processing market and opens new opportunities for our customers to rapidly differentiate and increase the value of their products in the marketplace," said Anthony Simon, Vice President Marketing and Sales of Pixelworks. "Our new PW9800 chip targets not only the advanced television and projector markets that require 100/120Hz panel support, but also PCs, Digital Signage and other consumer electronics devices that can benefit from improved video quality."

The PW9800-10G and PW9800-30G are now available in sample quantities in a 356-pin EHDS-BGA (HF) package. The PW9800 is also among the first in a family of Pixelworks BGA-based products that meet international halogen-free and lead-free standards, as specified in Sony Green Partner Specifications SS-00259 and IEC 61249-2-21. To learn more about these products, contact the Pixelworks sales office in your region. A list of contacts is available at www.pixelworks.com.

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.

Safe Harbor Statement

This press release contains statements that are forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995, including statements regarding the performance, ease of use and time-to-market of the PW9800 family of ICs, as well as statements by Anthony Simon regarding market opportunities created by such products. 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 business and economic conditions; changes in growth in the advanced display industry, including without limitation the HDTV or digital projector 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.

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