

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

|  |  |  |  |  |  |   |  |  |
|--|--|--|--|--|--|---|--|--|
| 1. Name and Address of Reporting Person*<br><u>LAU YUE JOHN</u><br>_____<br>(Last) (First) (Middle)<br><u>8100 SW NYBERG RD.</u><br>_____<br>(Street)<br><u>TUALATIN OR 97062</u><br>_____<br>(City) (State) (Zip) |  |  | 2. Issuer Name and Ticker or Trading Symbol<br><u>PIXELWORKS, INC [ PXLW ]</u><br>_____<br>3. Date of Earliest Transaction (Month/Day/Year)<br><u>02/29/2008</u> |  |  | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br>Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br><u>VP, Foundry Management</u> |  |  |
|  |  |  | 4. If Amendment, Date of Original Filed (Month/Day/Year)   |  |  | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br>Form filed by More than One Reporting Person                                     |  |  |

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) |   |        | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) |       |  | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--------|---|-------|--|---|--|---|
|                                 |                                      |  | Code                           | V | Amount | (A) or (D)  | Price |  |   |  |   |
| Common Stock                    |                                      |  |                                |   |        |   |       |  | 15,879  | D  |   |

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) |     | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |       |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|--|--|---|--|-------|
|  |  |                                      |  | Code                           | V | (A)  | (D) | Date Exercisable   | Expiration Date |   |  |  |   |  | Title |
| Non-Qualified Stock Option (right to buy)  | \$0.76   | 02/29/2008                           |  | A                              |   | 50,000   |     | (1)  | 02/28/2018      | Common Stock  | 50,000                                     | \$0.76   | 50,000  | D  |       |
| Incentive Stock Option (right to buy)      | \$0.33   |                                      |  |                                |   |  |     | (2)  | 03/03/2009      | Common Stock  | 36,000                                     |  | 36,000  | D  |       |
| Incentive Stock Option (right to buy)      | \$1.49   |                                      |  |                                |   |  |     | (3)  | 09/16/2009      | Common Stock  | 18,000                                     |  | 18,000  | D  |       |
| Incentive Stock Option (right to buy)      | \$2.43   |                                      |  |                                |   |  |     | (4)  | 12/08/2009      | Common Stock  | 7,500                                      |  | 7,500   | D  |       |
| Incentive Stock Option (right to buy)      | \$16.5   |                                      |  |                                |   |  |     | (5)  | 01/02/2012      | Common Stock  | 22,382                                     |  | 22,382  | D  |       |

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) |     | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) |                            | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|----------------------------|--|--|---|--|
|  |  |                                      |  | Code                           | V | (A)  | (D) | Date Exercisable   | Expiration Date | Title   | Amount or Number of Shares |  |  |   |  |
| Non-Qualified Stock Option (right to buy)  | \$2.49   |                                      |  |                                |   |  |     | (1)  | 12/04/2016      | Common Stock  | 75,000                     |  | 75,000   | D   |  |
| Non-Qualified Stock Option (right to buy)  | \$5.02   |                                      |  |                                |   |  |     | (6)  | 02/15/2016      | Common Stock  | 50,000                     |  | 50,000   | D   |  |
| Non-Qualified Stock Option (right to buy)  | \$7.57   |                                      |  |                                |   |  |     | (7)  | 01/31/2013      | Common Stock  | 50,000                     |  | 50,000   | D   |  |
| Non-Qualified Stock Option (right to buy)  | \$8.5  |                                      |  |                                |   |  |     | (8)  | 04/02/2011      | Common Stock  | 40,000                     |  | 40,000   | D   |  |
| Non-Qualified Stock Option (right to buy)  | \$9.48   |                                      |  |                                |   |  |     | (9)  | 03/04/2015      | Common Stock  | 25,000                     |  | 25,000   | D   |  |
| Non-Qualified Stock Option (right to buy)  | \$15.41  |                                      |  |                                |   |  |     | (10)   | 03/09/2014      | Common Stock  | 40,000                     |  | 40,000   | D   |  |
| Non-Qualified Stock Option (right to buy)  | \$16.5   |                                      |  |                                |   |  |     | (5)  | 01/02/2012      | Common Stock  | 27,618                     |  | 27,618   | D   |  |

**Explanation of Responses:**

- Becomes exercisable on a monthly basis over 3 years, commencing the last day of the month of the date of grant.
- The options become exercisable over a 4-year period which commenced on January 31, 1999, as follows: 15,000 shares exercisable as of January 31, 2000, 1,250 shares exercisable every month thereafter for 36 months.
- The options become exercisable over a 4-year period which commenced on September 30, 1999, as follows: 4,500 shares exercisable as of September 30, 2000, 375 shares exercisable every month thereafter for 36 months.
- The options become exercisable on a monthly basis over a 4-year period which commenced on December 31, 1999, as follows: 10% exercisable as of December 31, 2000, 20% exercisable as of December 31, 2001, 30% exercisable as of December 31, 2002 and 40% exercisable as of December 31, 2003.
- The options become exercisable on a monthly basis over a 4-year period which commenced on January 31, 2002, as follows: 10% exercisable as of January 31, 2003, 20% exercisable as of January 31, 2004, 30% exercisable as of January 31, 2005 and 40% exercisable as of January 31, 2006.
- The options become exercisable on a monthly basis over a 4-year period which commences February 15, 2006, as follows: 10% exercisable as of February 15, 2007, 20% exercisable as of February 15, 2008, 30% as of February 15, 2009 and 40% exercisable as of February 15, 2010.
- The options become exercisable on a monthly basis over a 4-year period which commenced on January 31, 2002, as follows: 10% exercisable as of January 31, 2003, 20% exercisable as of January 31, 2004, 30% exercisable as of January 31, 2005 and 40% exercisable as of January 31, 2006.
- The options become exercisable on a monthly basis over a 4-year period which commenced on April 30, 2001, as follows: 10% exercisable as of April 30, 2002, 20% exercisable as of April 30, 2003, 30% exercisable as of April 30, 2004 and 40% exercisable as of April 30, 2005.
- The options become exercisable monthly over a 4-year period which commenced on March 4, 2005, with 10% becoming exercisable by March 4, 2006, 20% becoming exercisable by March 4, 2007, 30% becoming exercisable by March 4, 2008, and 40% becoming exercisable by March 4, 2009.
- The option becomes exercisable on a monthly basis over a four year period which commences on March 31, 2004 as follows: 10% exercisable as of March 31, 2005, 20% exercisable as of March 31, 2006, 30% exercisable as of March 31, 2007, and 40% exercisable as of March 31, 2008.

John Yue Lau

03/04/2008

\*\* Signature of Reporting Person      Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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