

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 25, 2008

PIXELWORKS, INC.

(Exact name of registrant as specified in its charter)

OREGON

(State or other jurisdiction of incorporation)

000-30269

(Commission File Number)

91-1761992

(I.R.S. Employer Identification No.)

**8100 SW Nyberg Road
Tualatin, Oregon 97062
(503) 454-1750**

(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(b), (d) Departure of Principal Officer; Election of Director

Effective March 31, 2008, Hans Olsen has resigned his position as President and Chief Executive Officer of Pixelworks, Inc. (the "Company"). Further, effective April 1, 2008, the board of directors of the Company (the "Board") increased the number of authorized members of the Board from six to seven and appointed Mr. Olsen to fill the vacancy created by the increase. In connection with Mr. Olsen's resignation as President and Chief Executive Officer and appointment as a member of the Board, the Compensation Committee of the Board has agreed to amend each of Mr. Olsen's outstanding stock options to provide that such options that were vested as of March 31, 2008 will be exercisable until the earlier of (i) the tenth anniversary of the applicable date of grant, (ii) the period that generally applies to options held by members of the Board whose service on the Board ends at the same time as Mr. Olsen's service and (iii) the date that is three months following his no longer serving as a member of the Board. The Company has deemed Mr. Olsen's resignation as President and Chief Executive Officer a not-for-cause termination under his Severance Agreement and his Transition Employment Agreement with the Company, copies of which are filed as Exhibits 10.11 and 10.12, respectively, to the Company's Annual Report on Form 10-K filed on March 12, 2007.

(e) Compensatory Arrangements of Certain Executive Officers

Effective March 31, 2008, Bruce Walicek, the acting President and Chief Executive Officer of the Company, will serve as the President and Chief Executive Officer of the Company. Mr. Walicek entered into an employment agreement (the "Employment Agreement") with the Company effective March 31, 2008, pursuant to which he will serve as the Company's Chief Executive Officer, retroactive to January 1, 2008. Pursuant to the Employment Agreement, Mr. Walicek will receive an annual base salary of \$325,000 and will participate in the Company's 2008 Bonus Plan at a target rate of 100% of base salary, with a cap of 125% of base salary. In addition, he will be awarded options to purchase 505,000 shares of Company common stock, to be granted under the standard terms and conditions of the Company's equity incentive plan.

The Employment Agreement provides that, in the event Mr. Walicek is terminated by the Company without "cause" or resigns for "good reason," he will receive severance benefits consisting of twelve months of base salary, payment of a pro rata portion of bonus for the year of termination of employment and any then-unpaid bonus earned in the previous year and payment of COBRA health insurance premiums for twelve months. In addition, in the event the termination of employment occurs in connection with or within twelve months following a change in control of the Company, Mr. Walicek will receive acceleration of vesting of half of any options and restricted stock that would otherwise remain unvested as of the employment termination date.

In the event any payments to Mr. Walicek would constitute "parachute payments" under the tax code and trigger related excise taxes, such payments will either be paid in full, or reduced to the extent that no excise tax would be triggered, whichever alternative results in a greater after-tax benefit to Mr. Walicek.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release issued by Pixelworks, Inc., dated March 26, 2008.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PIXELWORKS, INC.
(Registrant)

Date: March 27, 2008

By /s/ Steven L. Moore

Steven L. Moore
Vice President, Chief Financial Officer and Treasurer



News Release

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Bruce Walicek Appointed President and CEO of Pixelworks; Hans Olsen to Join Board of Directors

Tualatin, Ore., March 26, 2008 — Pixelworks, Inc. (NASDAQ:PXLW), an innovative provider of powerful video and pixel processing technology, today announced that Bruce Walicek has been appointed President and Chief Executive Officer of the company, effective March 31, 2008. Walicek has been serving as Acting President and CEO since January 1, 2008 when Hans Olsen, President and CEO, began a medical leave of absence. Effective April 1, 2008, Olsen will join Pixelworks' Board of Directors.

"I am very proud of what we have accomplished at Pixelworks over the past ten years. The last couple of years have been challenging, but rewarding as we restructured the company to return to profitability," said Hans Olsen. "I have complete confidence in Bruce's ability to continue to take the company forward and I look forward to continuing my work as a member of the Board." Olsen joined Pixelworks in 1998 as Vice President, Operations, served as Executive Vice President and COO from 2001 through 2006, and was named President and CEO in January 2007.

"On behalf of the company and the Board of Directors, I would like to express my sincere appreciation both for Hans' past contributions and his willingness to join the Board, which will allow the company to continue to benefit from his experience," said Allen Alley, Chairman of the Board. "We are also extremely fortunate to have Bruce available to step into the role of CEO. He brings a diverse skill set that is perfect for the next stage of our development."

Bruce Walicek commented, "Pixelworks has taken major steps forward in retooling our engineering processes, delivering innovative new products and reshaping the company. I look

forward to continuing the progress that Hans and the Pixelworks team have achieved in transitioning the business into emerging growth markets for high-end digital video applications.”

Walicek, 51, is a semiconductor industry veteran and investment professional who joined Pixelworks’ Board of Directors in May 2005 and served as Lead Director until his interim appointment to Pixelworks’ executive management in January 2008. As President and CEO, Walicek will remain on Pixelworks’ board as an employee Director.

Most recently, Walicek was Executive in Residence with venture capital firms Sevin Rosen Funds and Worldview Technology Partners. From 1996 to 2003, he was employed by Deutsche Bank Alex Brown, first as Senior Equity Research Analyst covering the Semiconductor and EDA industries, and then as an investment banker responsible for Semiconductor Investment Banking as part of the firm’s Global Investment Banking Group. Before entering the financial services industry in the mid 1990s, Walicek held a number of executive management positions over a 16 year career in the semiconductor industry at firms including Texas Instruments Incorporated, VLSI Technology, Inc. and Cirrus Logic, Inc. He holds a B.S. in mathematics from Texas State University and an M.B.A. from Santa Clara University.

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 and co-processor 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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