

**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): May 27, 2011

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.)**

**224 Airport Parkway, Suite 400
San Jose, CA 95110
(408) 200-9200**
**(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))

Item 8.01 Other Events

On May 27, 2011, Pixelworks, Inc. (the "Company") completed the issuance and sale of 547,500 shares of its common stock pursuant to the exercise by the underwriter of the over-allotment option granted in connection with its previously completed public offering of common stock. With the over-allotment shares, a total of 4,197,500 shares of common stock were sold in the offering at a price to the public of \$2.24 per share. Gross proceeds to the Company from the offering, prior to deducting underwriting discounts, commissions, and other expenses, were approximately \$9,402,400.

On May 27, 2011, the Company issued a press release entitled "Pixelworks Announces Exercise of Over-Allotment Option for Common Stock," a copy of which is filed as an exhibit to and incorporated by reference into this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release issued by Pixelworks, Inc., dated May 27, 2011.

SIGNATURE

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

PIXELWORKS, INC.
(Registrant)

Date: May 27, 2011

By: /s/ Steven L. Moore
Steven L. Moore
Vice President, Chief Financial Officer, Secretary and Treasurer



FOR IMMEDIATE RELEASE

**Pixelworks Announces Exercise of Over-Allotment Option for
Common Stock**

San Jose, Calif., May 27, 2011 — Pixelworks, Inc. (NASDAQ:PXLW), an innovative provider of powerful video and pixel processing technology, today announced that the underwriter in its recently completed public offering of common stock has exercised in full its over-allotment option and purchased 547,500 shares of common stock. With the over-allotment shares, a total of 4,197,500 shares of common stock were sold in the offering at a price to the public of \$2.24 per share. Gross proceeds to the Company from the offering, prior to deducting underwriting discounts, commissions, and other expenses, were approximately \$9,402,400. The sale of the over-allotment shares closed on May 27, 2011.

Pixelworks intends to use the net proceeds from the offering for general corporate purposes, which may include, among other things, increasing its working capital, the financing of ongoing operating expenses and overhead, repayment of debt and funding capital expenditures. Pending the application of the net proceeds, Pixelworks may invest the proceeds in marketable securities and short-term investments.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the common stock in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

A copy of the prospectus supplement and prospectus relating to these securities may be obtained by contacting Roth Capital Partners, Attention: Equity Capital Markets, 24 Corporate Plaza Drive, Newport Beach, CA 92660, by telephone at (800) 678-9147, or via email at rothecm@roth.com.

About Pixelworks, Inc.

Pixelworks, headquartered in San Jose, California, is an innovative designer, developer and marketer of video and pixel processing technology, semiconductors and software for high-end digital video applications. At design centers in Shanghai and San Jose, Pixelworks engineers push pixel performance to new levels for leading manufacturers of consumer electronics and professional displays worldwide.

Contact Information:

Steven Moore
Pixelworks, Inc.
408-200-9221
smoore@pixelworks.com

#####

Note: Pixelworks and the Pixelworks logo are registered trademarks of Pixelworks, Inc. All other trademarks are the property of their respective owners.

Some of the information in this press release may contain "forward-looking statements" that are based on current expectations, estimates, beliefs, assumptions and projections about Pixelworks' business. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict and which may cause actual outcomes and results to differ materially from what is expressed or forecasted in such forward-looking statements. These forward-looking statements speak only as of the date on which they are made, and Pixelworks does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this press release. If Pixelworks does update or correct one or more forward-looking statements, you should not conclude that Pixelworks will make additional updates or corrections with respect thereto or with respect to other forward-looking statements. Except where the context otherwise requires, in this press release, the "Company," "Pixelworks," "we," "us" and "our" refer to Pixelworks, Inc., an Oregon corporation, and its wholly-owned subsidiaries.