
**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): **June 14, 2005**

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))
-
-
-

Item 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.

Pursuant to the terms of the Agreement and Plan of Merger and Reorganization (the "Merger Agreement") dated as of April 28, 2005 by and among Pixelworks, Inc. ("Pixelworks"), Equator Technologies, Inc. ("Equator"), Twain Sub, Inc. ("Sub"), and Robert C. Fox, Jr., as Shareholders' Agent, Sub was merged with and into Equator (the "Merger") effective as of June 14, 2005 (the "Effective Time"). As a result of the Merger, Equator became a wholly-owned subsidiary of Pixelworks.

Pixelworks acquired Equator for approximately \$109 million in cash. In addition, Pixelworks assumed all options to purchase Equator capital stock outstanding immediately prior to the Effective Time. Pixelworks funded the cash portion of the consideration payable in the Merger through cash-on-hand.

The amount of the consideration paid in the Merger was determined through arms-length negotiations between representatives of Pixelworks and Equator. Prior to the date of the Merger Agreement, no material relationship existed between Pixelworks and Equator or any of its affiliates, any director or officer of Pixelworks, or any associate of any such director or officer.

Prior to the Merger, Equator was a privately held fabless semiconductor company providing leading programmable digital video and audio encoding and decoding solutions with its family of Broadband Signal Processor, or BSP™, ICs.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statement of Business Acquired

It is impracticable to provide the financial information required under this Item as of the date this Current Report on Form 8-K must be filed. The required financial statements will be filed as an amendment to this Form 8-K as soon as practicable, but not later than 60 days after the date this Current Report on Form 8-K must be filed.

(b) Pro Forma Financial Statements

It is impracticable to provide the pro forma financial information required under this Item as of the date this Current Report on Form 8-K must be filed. The required pro forma financial information will be filed as an amendment to this Form 8-K as soon as practicable, but not later than 60 days after the date this Current Report on Form 8-K must be filed.

(c) Exhibits

2.1 Agreement and Plan of Merger dated April 28, 2005 among Pixelworks, Inc., Equator Technologies, Inc., Twain Sub, Inc., and Robert C. Fox, Jr., as Shareholders' Agent. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated April 28, 2005).

99.1 Press Release issued by Pixelworks, Inc. on June 14, 2005.

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 thereunto duly authorized on June 15, 2005.

PIXELWORKS, INC.
(Registrant)

By /s/ Jeffrey B. Bouchard
Jeffrey B. Bouchard
Vice President, Finance and Chief Financial
Officer



**Financial News Release
For Immediate Release**

Contact Information:

Investor Inquiries

Jeff Bouchard
Pixelworks, Inc.
Tel: (503) 454-1771
E-mail: jeffb@pixelworks.com
Web site: www.pixelworks.com

Media Inquiries

Chris Bright
Pixelworks, Inc.
Tel: (503) 454-1770
E-mail: cbright@pixelworks.com

Pixelworks Completes Acquisition of Equator Technologies

Tualatin, Ore., June 14, 2005 — Pixelworks, Inc. (NASDAQ:PXLW), a leading provider of system-on-chip ICs for the advanced display industry, today announced that it has completed the acquisition of privately held Equator Technologies, Inc., a fabless semiconductor company providing leading programmable digital video and audio encoding and decoding solutions with its family of Broadband Signal Processor, or BSP™, ICs. This acquisition will provide programmable technologies to Pixelworks' customers in order to create a new generation of digital televisions, including those that might integrate Internet Protocol television, or IPTV, decoding technology to allow viewing of digital video directly over the Internet.

Founded in 1996 and based in Campbell, Calif., Equator Technologies is at the forefront of delivering programmable advanced video compression technology with customer-proven system-on-chip IC and software solutions that are key to unlocking broadband networks for video entertainment and communications. Equator's programmable architecture leads the industry in supporting multiple digital video formats and offers maximum flexibility and upgradeability as video standards continue to evolve with advanced compression technology or digital rights management schemes.

Under terms of the agreement, total cash consideration paid by Pixelworks was approximately \$109 million. Additionally, Pixelworks assumed all outstanding options to purchase Equator stock.

About Pixelworks, Inc.

Pixelworks, headquartered in Tualatin, Oregon, is a leading provider of system-on-chip ICs for the advanced display industry. Pixelworks' solutions provide the intelligence for

—more—

advanced televisions, multimedia projectors and flat panel monitors by processing and optimizing video and computer graphics signals to produce high quality images. Many of the world's leading manufacturers of consumer electronics and computer display products utilize our technology to enhance image quality and ease of use of their products.

For more information, please visit the Company's Web site at www.pixelworks.com.

#####

Pixelworks is a trademark of Pixelworks, Inc. All other trademarks and registration marks are the property of their respective corporations.

Safe Harbor Statement

The statements regarding Pixelworks' expectations relating to the effects of the proposed merger are forward-looking statements. Such statements are based on current expectations, estimates and projections about Pixelworks' business and about Equator's business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including the following: the ability of Pixelworks and Equator to achieve the expected operational synergies, changes in demand for Pixelworks' or Equator's products, product mix, the timing of customer orders and deliveries, the impact of competitive products and pricing, Pixelworks' and Equator's continuing compliance with US export control laws and regulations, constraints on supplies of critical components, excess or shortage of production capacity, actual purchases under agreements and other risks discussed from time to time in the Company's Securities and Exchange Commission filings and reports. In addition, such statements are subject to the risks inherent in acquisitions of technologies and businesses, 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, potential contractual, intellectual property or employment issues, accounting treatment and charges, and the risks that the acquisition cannot be completed successfully or that anticipated benefits are not realized. In addition, such statements could be affected by general industry and market conditions and growth rates, and general domestic and international economic conditions. Such forward-looking statements 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 release.