
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): February 28, 2006

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

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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PIXELWORKS, INC. AND SUBSIDIARIES

Item 1.01. ENTRY INTO MATERIAL DEFINITIVE AGREEMENT.

On February 28, 2006, Pixelworks, Inc. appointed Michael D. Yonker, 48, as Vice President, Chief Financial Officer, Treasurer and Secretary.

Mr. Yonker served as Executive Vice President and Chief Financial Officer at InFocus Corporation from 2002 to 2005 where he also served as Vice President, Information Services, Chief Financial Officer, Treasurer and Secretary from 1993 to 1998. During the period from 1998 to 2002, Mr. Yonker was the CFO of Wieden and Kennedy, a Portland, Oregon-based advertising agency. Prior to 1993, Mr. Yonker was the Partner in Charge of Northwest Manufacturing Industry at Arthur Andersen. From 1999 to 2002 he served as a member of Pixelworks' Board of Directors.

Mr. Yonker's annual salary will be \$250,000 and he will receive a signing bonus of \$75,000 and a stock option grant to purchase 215,000 shares of Pixelworks common stock at the market price on date of grant, subject to vesting over a 4-year period. The term of the option is 10 years. He is also eligible to participate in the 2006 Senior Management Bonus Plan, a copy of which is filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed February 14, 2006 and is incorporated herein by reference, with a guaranteed a minimum payment of \$62,500. In the event of separation of employment from Pixelworks, Mr. Yonker will receive a severance payment equal to twelve months base salary.

The summary of terms of Mr. Yonker's employment is filed herewith as Exhibit 10.1 to this Report.

The press release issued February 28, 2006 to announce Mr. Yonker's appointment is filed herewith as Exhibit No. 99.1 to this Report.

Item 5.02. DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS.

The information required by this item relating to the appointment of Mr. Yonker as Chief Financial Officer is incorporated by reference to Item 1.01 above.

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

10.1 Summary of Terms of Employment.

99.2 Press Release issued by Pixelworks, Inc. dated February 28, 2006.

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.

PIXELWORKS, INC.
(Registrant)

By /s/ Allen H. Alley
Allen H. Alley
President and Chief Executive Officer

Date: February 28, 2006

Pixelworks, Inc.
Summary of Terms of Employment

Title:	Vice President, Chief Financial Officer, Secretary and Treasurer
Annual Salary:	\$250,000
Option Grant:	215,000 shares
Vesting on Option Grant:	25% per year over 4-year period
Signing Bonus:	\$75,000
2006 Bonus:	Participates as VP, \$62,500 guaranteed
Severance:	12 months salary plus benefits



Financial News Release

For Immediate Release

Contact Information:**Investor Inquiries**

Michael Yonker
Pixelworks, Inc.
Tel: (503) 454-4515
E-mail: myonker@pixelworks.com
Web site: www.pixelworks.com

Media Inquiries

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

Pixelworks Names Michael D. Yonker as Vice President and Chief Financial Officer

Tualatin, Ore., February 28, 2006 — Pixelworks, Inc. (NASDAQ:PXLW), a leading provider of system-on-chip ICs for the advanced display industry, announced that Michael D. Yonker joined the company today as Vice President, Chief Financial Officer, Treasurer and Secretary.

Mr. Yonker served as Executive Vice President and Chief Financial Officer at InFocus Corporation from 2002 to 2005 where he also served as Vice President, Information Services, Chief Financial Officer, Treasurer and Secretary from 1993 to 1998. During the period from 1998 to 2002, Mr. Yonker was the CFO of Weiden and Kennedy, a leading Portland, Ore.-based advertising agency. Prior to 1993, Mr. Yonker was the Partner in Charge of Northwest Manufacturing Industry at Arthur Andersen. From 1999 to 2002 he served as a member of Pixelworks' Board of Directors.

"We are excited that Mike is joining our executive team. He is a seasoned CFO that brings 13 years of experience and knowledge in the advanced display industry. Since Mike has previously served on our Board of Directors, his familiarity with our business, our customers and our leadership team ensures that this will be an extremely smooth transition for him," said Allen Alley, President, CEO, and Chairman of Pixelworks.

Mr. Yonker will be joining Mr. Alley at Wedbush Morgan's Fourth Annual Small Cap Investor Conference at Le Parker Meridien Hotel in New York on March 1, 2006. Pixelworks will present at 2:15 p.m. EST. A live audio Web broadcast of the presentation will be available at the investor section of the Pixelworks site at www.pixelworks.com where a replay will continue to be offered for 30 days.

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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 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 Pixelworks' 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.

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