

**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): January 31, 2016

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))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b)

On January 31, 2016, Bruce Walicek notified the Company of his intent to resign from his position as Chief Executive Officer and member of the Board of Directors of Pixelworks, Inc. (the "Company"), effective as of February 1, 2016.

(c) and (e)

Appointment of Stephen Domenik as Interim Chief Executive Officer

On February 1, 2016, Stephen Domenik was appointed to serve as Interim Chief Executive Officer, effective immediately. As Mr. Domenik will no longer qualify as an "independent director" as set forth in Rule 5605(a)(2) of the NASDAQ Stock Market LLC Marketplace Rules, Mr. Domenik has also resigned as a member and as Chairman of the Corporate Governance and Nominating Committee of the Board.

Mr. Domenik, age 63, has served as a Director of Pixelworks since August 2010 and served as a consultant to Pixelworks from January 2013 through December 2013. Since 1995, he has been a General Partner with Sevin Rosen Funds, a venture capital firm. Mr. Domenik has served as a director of MoSys, Inc. (NASDAQ: MOSY), a publicly traded fabless semiconductor company since June 2012, and a director of EMCORE Corporation (NASDAQ: EMKR), a publicly traded provider of compound semiconductor-based components and subsystems since December 2013. Mr. Domenik currently sits on the boards of various private companies as well. Mr. Domenik previously served as Chairman of the Board of Directors of Meru Networks, Inc. (NASDAQ: MERU) from January 2014 until it was acquired by Fortinet in July 2015, served on the Board of Directors of NetLogic Microsystems, Inc. (NASDAQ: NETL) from January 2001 until it was acquired by Broadcom Corporation in February 2012 and on the Board of Directors of PLX Technology, Inc. (NASDAQ: PLXT) from December 2013 until it was acquired by Avago Technologies in August 2014. Mr. Domenik holds a B.S. in Physics and M.S.E.E. from the University of California at Berkeley.

As the Company's Interim Chief Executive Officer, Mr. Domenik will receive a base salary, initially set at an annualized amount of \$375,000, and will be eligible to participate in a cash bonus program in calendar year 2016 on terms which may be established by the Compensation Committee of the Board of Directors. The full terms of Mr. Domenik's employment with us can be found in his employment agreement which is attached as an exhibit hereto and is incorporated by reference herein. In connection with his employment with us, on February 1, 2016, Mr. Domenik was granted a nonstatutory stock option to purchase 43,750 shares of our common stock at an exercise price equal to 100% of the fair market value of the shares on the grant date, vesting at the end of each calendar month in equal increments over six months subject to continued service as our Interim Chief Executive Officer through the relevant vesting date.

There are no family relationships between Mr. Domenik and any director, executive officer or person nominated by the Company to become a director or executive officer, and there are no transactions between Mr. Domenik or any of his immediate family members, on the one hand, and the Company or any of its subsidiaries, on the other, that would be required to be reported under Item 404(a) of Regulation S-K.

The foregoing description of the employment agreement with Mr. Domenik is qualified in its entirety by reference to the full text of the employment agreement, which is filed as Exhibit 10.1, to this Current Report on Form 8-K, and is incorporated by reference herein.

Appointment of Todd DeBonis as Chief Operating Officer

On February 1, 2016, Todd DeBonis was appointed to serve as Chief Operating Officer, effective immediately.

Mr. DeBonis, age 51, has served as Executive Vice President, Sales, Marketing & Business Development since January 2016. Prior to joining Pixelworks, Mr. DeBonis served as the Vice President of Global Sales & Strategic Development at TriQuint Semiconductor, a semiconductor company, from April 2004 to December 2015, where his responsibilities included global sales, business development, strategic planning, customer support, contract negotiation and corporate marketing. Prior to TriQuint, Mr. DeBonis served as Vice President of Worldwide Sales & Marketing at Centillium Communications, a designer, developer and supplier of integrated programmable SoC solutions, Vice President of Worldwide Sales of Ishoni Networks, a silicon and software solution provider, and also held executive positions at Infineon Technologies, VisCom Corporation and Electec SoCal. Mr. DeBonis received a B.S. in Electrical Engineering with a focus in digital design and control systems from the University of Nevada.

As the Company's Chief Operating Officer, Mr. DeBonis will receive an annual base salary, initially set at an annualized amount of \$295,000 and will be eligible to participate in a cash bonus program in calendar year 2016 on terms which may be established by the Compensation Committee of the Board of Directors. The full terms of Mr. DeBonis' employment with us can be found in his offer letter which is attached as an exhibit hereto and is incorporated by reference herein.

There are no family relationships between Mr. DeBonis and any director, executive officer or person nominated by the Company to become a director or executive officer, and there are no transactions between Mr. DeBonis or any of his immediate family members, on the one hand, and the Company or any of its subsidiaries, on the other, that would be required to be reported under Item 404(a) of Regulation S-K.

The foregoing description of the offer letter with Mr. DeBonis is qualified in its entirety by reference to the full text of the offer letter, which is filed as Exhibit 10.2, to this Current Report on Form 8-K, and is incorporated by reference herein.

Separation and Consulting Agreement with Bruce Walicek

On February 1, 2016, the Company entered into a Separation and Consulting Agreement with Bruce Walicek, who resigned as the Company's Chief Executive Officer and director effective as of February 1, 2016. Pursuant to the terms of the Separation and Consulting Agreement, in return for a release from Mr. Walicek and the other provisions set forth therein, the Company has agreed to pay Mr. Walicek a severance amount equal to \$700,000 (less applicable tax withholdings) and COBRA premiums for the group health care coverage elected by Mr. Walicek from March 1, 2016 through February 28, 2017, if elected by Mr. Walicek. Additionally, Mr. Walicek will provide consulting services to the Company for six (6) months, pursuant to which he will advise on projects assigned to him by the Company's Chief Executive Officer, and as consideration for such services, he will receive the amounts set forth above and his currently outstanding restricted stock units (RSUs) will be amended so that an aggregate of 12,100 RSUs across all outstanding awards shall vest monthly during the term of his consulting services, up to a maximum of 72,600 RSUs. Additionally, any unvested RSUs at the end of the consulting term shall remain outstanding and eligible to vest in the event of a change of control of the Company, pursuant to the terms of Mr. Walicek's current Employment Agreement, a copy of which is filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K.

The foregoing description of the Separation and Consulting Agreement with Mr. Walicek is qualified in its entirety by reference to the full text of such agreement, which is filed as Exhibit 10.3 to this Current Report on Form 8-K and is incorporated by reference herein.

Item 7.01. Regulation FD Disclosure.

On February 1, 2016, the Company issued a press release reporting preliminary results for the fourth quarter ended December 31, 2015. A copy of this press release is furnished as Exhibit 99.1 and is incorporated herein by reference. The information in this Form 8-K under Item 7.01 and Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific referencing in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- 10.1 Employment Agreement with Stephen Domenik dated February 1, 2016
 - 10.2 Offer Letter with Todd DeBonis dated December 9, 2015
 - 10.3 Separation and Consulting Agreement with Bruce Walicek dated February 1, 2016
 - 99.1 Press Release dated February 1, 2016
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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)

Dated: February 1, 2016

/s/ Steven L. Moore

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

EXHIBIT INDEX

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- 99.1 Press Release dated February 1, 2016

PIXELWORKS, INC.

EXECUTIVE EMPLOYMENT AGREEMENT

This Agreement (the "Agreement") is effective as of February 1, 2016 (the "Effective Date"), by and between Stephen Domenik (the "Executive") and Pixelworks, Inc., an Oregon corporation (the "Company").

AGREEMENT

In consideration of the mutual covenants herein contained, the parties agree as follows:

1. Employment. The Company employs Executive as Interim Chief Executive Officer.

(a) Effective Date. Executive's employment will commence on February 1, 2016 and any measurement of any seniority dependent benefits the Company may from time to time make available will be measured from such date.

(b) Compensation and Equity Award. Company employs Executive at the annualized base salary rate set forth in Exhibit A, paid bi-weekly, less payroll deductions and all required withholdings, with the bonus plan set forth in Exhibit A, and with the option or restricted stock unit award set forth in Exhibit A. The Company shall pay all bonus payments to Executive no later than March 15 of the year following the year in which a bonus is earned.

(c) At Will. Executive acknowledge that the Executive's employment is and shall continue to be at-will, as defined under applicable law. Company or Executive may terminate this Agreement at any time for any reason, with or without cause and with or without notice. If the Executive's employment terminates for any reason, the Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by the Company's then existing employee benefit plans or policies at the time of termination.

(d) Duties. Executive shall perform such officer level duties and have such officer level authority and responsibility as is usual and customary for a Chief Executive Officer, plus any additional officer level duties as may reasonably be assigned from time to time by the Board, including but not limited to providing services as an officer and/or as a member of the boards of directors to one or more of the Company's subsidiaries or affiliates. Executive shall perform the duties and carry out the responsibilities assigned to Executive, to the best of his ability, in a trustworthy, businesslike and efficient manner for the purpose of advancing the business of the Company and shall comply with the Company's policies and procedures, as generally in effect from time to time, in all material respects. Except as otherwise approved by the Board in writing, Executive shall devote substantially all of his business time to the performance of his duties under this Agreement.

2. Accrued Wages and Vacation, Expenses always payable. Without regard to the reason for, or the timing of, Executive's termination of employment: (i) the Company shall pay the Executive any unpaid base salary earned for periods prior to the effective date of Executive's termination of employment (the "Termination Date"); (ii) the Company shall pay Executive all of Executive's accrued and unused vacation through the Termination Date; and (iii) following submission of proper expense reports by Executive, the Company shall reimburse Executive for all expenses reasonably and necessarily incurred by the Executive in connection with the business of the Company prior to the Termination Date. These payments shall be made promptly following termination and within the period of time mandated by law.

3. Limitation on Payments. In the event that benefits otherwise payable to the Executive (i) constitute "parachute payments" within the meaning of Section 280G of the United States Internal Revenue

Code (the “Code”), and (ii) would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then such benefits shall be either

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

Any determination required under this section shall be made in writing by the Company’s independent public accountants (the “Accountants”), whose determination shall be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this section. All payments made under this Agreement shall be subject to reduction for all applicable federal, state, and local tax withholdings and any other required withholdings. Any reduction payments and/or benefits required by this Agreement shall occur in the following order: (1) reduction of cash payments; (2) reduction of vesting acceleration of equity awards; and (3) reduction of other benefits paid or provided to Executive. In the event that acceleration of vesting of equity awards is to be reduced, such acceleration of vesting shall be canceled in the reverse order of the date of grant for Executive’s equity awards. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis.

4. Successors.

(a) Company’s Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets shall assume the Company’s obligations under this Agreement and agree expressly to perform the Company’s obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets which executes and delivers the assumption agreement described in this subsection (a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive’s Successors. Without the written consent of the Company, Executive may not assign or transfer this Agreement or any right or obligation under this Agreement to any other person or entity. Notwithstanding the foregoing, the terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

5. Litigation/Audit Cooperation. Following the termination of Executive’s employment for any reason, Executive shall reasonably cooperate with the Company or any of its subsidiaries or affiliates (the “Company Group”) in connection with (a) any internal or governmental investigation or administrative, regulatory, arbitral or judicial proceeding involving any member of the Company Group with respect to

matters relating to Executive's employment with or service as a member of the board of directors of any member of the Company Group other than a third party proceeding in which Executive is a named party and Executive and the Company (or the applicable member(s) of the Company Group) have not entered into a mutually acceptable joint defense agreement (collectively, "Litigation") or (b) for a two (2) year period following the Termination Date, any audit of the financial statements of any member of the Company Group with respect to the period of time when Executive was employed by any member of the Company Group ("Audit"). Executive acknowledges that such cooperation may include, but shall not be limited to, Executive making himself available to the Company or any other member of the Company Group (or their respective attorneys or auditors) upon reasonable notice for: (i) interviews, factual investigations, and providing declarations or affidavits that provide truthful information in connection with any Litigation or Audit; (ii) appearing at the request of the Company or any member of the Company Group to give testimony without requiring service of a subpoena or other legal process; (iii) volunteering to the Company or any member of the Company Group pertinent information related to any Litigation or Audit; (iv) providing information and legal representations to the auditors of the Company or any member or any member of the Company Group, in a form and within a timeframe requested by the Board, with respect to the Company's or any member of the Company Group's opening balance sheet valuation of intangibles and financial statements for the period in which Executive was employed by the Company or any member of the Company Group; and (v) turning over to the Company or any member of the Company Group any documents relevant to any Litigation or Audit that are or may come into Executive's possession. The Company shall reimburse Executive for reasonable travel expenses incurred in connection with providing the services under this Section, including lodging and meals, upon Executive's submission of receipts. The Company shall also compensate Executive for each hour that Executive provides cooperation in connection with this Section at an hourly rate equal to Executive's termination-base salary plus his termination-base bonus, each as defined on Exhibit A, divided by 2080. Executive shall submit invoices for any month in which Executive performs services pursuant to this Section that details the amount of time and a description of the services rendered for each separate day that Executive performed such services. Any reimbursement requests pursuant to this Section must be submitted within sixty (60) days of the day Executive incurs such expenses. The Company shall reimburse Executive within fifteen (15) days of receiving a reimbursement request from Executive.

6. 409A Savings Clause.

(a) Notwithstanding anything to the contrary in this Agreement, no Deferred Payments (as defined below) or other severance benefits that otherwise are exempt from Section 409A (as defined below) pursuant to Treasury Regulation Section 1.409A-1(b)(9) shall become payable until Executive has a "separation from service" within the meaning of Section 409A.

(b) Further, if Executive is a "specified employee" within the meaning of Section 409A at the time of his separation from service (other than due to death), and the severance payments and benefits payable to him, if any, pursuant to the Agreement, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Section 409A (together, the "Deferred Payments"), such Deferred Payments that otherwise are payable within the first six (6) months following his separation from service will become payable on the first payroll date that occurs on or after the date six (6) months and one (1) day following the date of his separation from service. All subsequent Deferred Payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, in the event of Executive's death following his separation from service but prior to the six (6) month anniversary of Executive's separation from service (or any later delay date), then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Payments will be payable in accordance with the payment schedule applicable to each payment

or benefit. Each payment and benefit payable under the Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

(c) Any severance payment that satisfies the requirements of the “short-term deferral” rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations shall not constitute Deferred Payments for purposes of the Agreement. Any severance payment that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit shall not constitute Deferred Payments for purposes of the Agreement. For purposes of this Agreement, “Section 409A Limit” means the lesser of 2 times: (i) Executive’s annualized compensation based upon the annual rate of pay paid to Executive during Executive’s taxable year preceding Executive’s taxable year of his termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code for the year in which your employment is terminated.

(d) Any reimbursement payments made to Executive pursuant to Section 2 shall be paid to the Executive on or before the last day of Executive’s taxable year following the taxable year in which the related expense was incurred. The reimbursements pursuant to Section 2 are not subject to liquidation or exchange for another benefit, and the amount of such reimbursements that Executive receives in one taxable year shall not affect the amount of such reimbursements that Executive receives in any other taxable year.

(e) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided under the Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Executive and the Company agree to work together in good faith to consider amendments to the Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Employee under Section 409A.

7. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to Executive at the home address which Executive most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

8. Arbitration.

(a) Any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in Santa Clara County, California, in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the “Rules”). The arbitration shall be conducted by a single neutral arbitrator selected by the parties from a list maintained by the AAA, through the selection procedures set forth in the Rules. The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator’s decision in any court having jurisdiction. The Company shall be responsible for paying the costs

of the arbitration proceeding (for example, arbitrator's fees and costs, transcript of the hearing), but each party shall be responsible for his or its attorneys' fees.

(b) The arbitrator(s) shall apply California law to the merits of any dispute or claim, without reference to conflicts of law rules. The arbitration proceedings shall be governed by federal arbitration law and by the Rules, without reference to state arbitration law.

(c) Executive understands that nothing in this Section modifies Executive's at-will employment status. Either Executive or the Company can terminate the employment relationship at any time, with or without Cause.

(d) EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT SUBMITTING ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EXECUTIVE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, THE FOLLOWING CLAIMS:

(i) ANY AND ALL CLAIMS FOR WRONGFUL DISCHARGE OF EMPLOYMENT; BREACH OF CONTRACT, BOTH EXPRESS AND IMPLIED; BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, BOTH EXPRESS AND IMPLIED; NEGLIGENT OR INTENTIONAL INFLECTION OF EMOTIONAL DISTRESS; NEGLIGENT OR INTENTIONAL MISREPRESENTATION; NEGLIGENT OR INTENTIONAL INTERFERENCE WITH CONTRACT OR PROSPECTIVE ECONOMIC ADVANTAGE; AND DEFAMATION.

(ii) ANY AND ALL CLAIMS FOR VIOLATION OF ANY FEDERAL STATE OR MUNICIPAL CONSTITUTION OR STATUTE, INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE CIVIL RIGHTS ACT OF 1991, THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, THE AMERICANS WITH DISABILITIES ACT OF 1990, THE FAIR LABOR STANDARDS ACT, THE CALIFORNIA FAIR EMPLOYMENT AND HOUSING ACT, AND THE CALIFORNIA LABOR CODE (EXCEPT FOR CLAIMS FOR UNDERLYING WORKERS' COMPENSATION BENEFITS); AND

(iii) ANY AND ALL CLAIMS ARISING OUT OF ANY OTHER LAWS AND REGULATIONS RELATING TO EMPLOYMENT OR EMPLOYMENT DISCRIMINATION.

9. Proprietary Information and Inventions Assignment Agreement. Executive shall execute and comply with the terms of the Company's standard Proprietary Information and Inventions Assignment Agreement.

10. Miscellaneous Provisions.

(a) Waiver. No provision of this Agreement may be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(b) Integration; Amendment. This Agreement and any agreements referenced herein represent the entire agreement and understanding between the parties as to the subject matter herein and collectively supersede all prior or contemporaneous agreements, whether written or oral, with respect to the same subject matter. For clarification purposes and the avoidance of any doubt, this Agreement shall not affect any agreements between the Company and Executive regarding intellectual property matters or confidential information of the Company. This Agreement may be amended only by a written agreement, signed by the parties to be bound by the amendment that specifically references this Agreement.

(c) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws, but not the conflicts of law rules, of the State of California.

(d) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(e) Employment Taxes. All payments made pursuant to this Agreement shall be subject to withholding of applicable income and employment taxes.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

Pixelworks, Inc.

By: /s/ Richard Sanquini

Richard Sanquini, Chairman of the Board

Executive

By: /s/ Stephen Domenik

Stephen Domenik

EXHIBIT A
Executive: Stephen Domenik

Base Salary:	For 2016: Annualized amount of \$375,000, payable on standard payroll schedules, to be reviewed periodically by the Compensation Committee of the Board of Directors.
2016 Bonus Plan:	To be established by the Compensation Committee.
Equity Award:	Nonstatutory Stock Option to purchase 43,750 shares at an exercise price equal to 100% of the fair market value of the shares on the grant date, vesting at the end of each calendar month in equal increments over six months subject to continued service as CEO through the relevant vesting date.

Pixelworks, Inc.

By: /s/ Richard Sanquini

Richard Sanquini, Chairman of the Board

Executive

By: /s/ Stephen Domenik

Stephen Domenik



December 9, 2015

Mr. Todd A. DeBonis
102 Las Lomas Drive
Aptos, CA 95003

Dear Todd,

It is our pleasure to formally invite you to join the staff of Pixelworks Inc. as Executive Vice President, Sale, Marketing & Business Development, to be located in San Jose. Our employment offer is subject to Pixelworks' normal personnel policies and our comprehensive benefit program. As discussed, the following items outline the terms of our offer.

You will report directly to me. This is an exempt position and your starting compensation will be as follows: bi-weekly rate of \$11,346.15 equivalent to \$295,000 on an annual basis.

As an Executive Vice President, you will be eligible to participate in the 2016 Senior Management Bonus Plan at a maximum potential payout of 50% of your base salary, prorated to reflect the portion of the year which you are an employee. Participation in the bonus plan is subject to the terms and conditions of the plan, as described in the plan document, which will be provided to you separately.

We want you to share in the success of the company through stock participation. We are offering you 350,000 shares of stock options, priced at the closing market price on your date of hire, subject to the Board of Directors approval, pursuant to the Company's 2006 Stock Incentive Plan and the terms and conditions of the Stock Option Agreement. Stock options will vest at a rate of 25% per year; the full details will be outlined in your stock agreement documentation.

Our benefits, payroll, and other human resource management services are provided through TriNet HR Corporation, a professional employer organization. As a result of this arrangement, TriNet will be considered your employer of record for these purposes; however, I will be responsible for directing your work, reviewing your performance, setting your schedule and otherwise directing your work at Pixelworks.

Pixelworks pays bi-weekly, with pay dates every other Friday. Paychecks will include wages due through the two-week period (Sunday through Saturday) prior to the pay date. Should payday fall on a holiday, it will be paid on the previous workday.

Pixelworks extends this offer to you based solely on your skills, accomplishments and growth potential and not on any confidential or proprietary information you may have belonging to others, including your prior employers. We request that you not disclose to Pixelworks any such information, in the form of documents or otherwise.

Enclosed is our Proprietary Information and Inventions Agreement, all employees are required to sign this document prior to commencement of work. As with any new hire, under the Immigration Reform and Control Act of 1986 we will be required to confirm your eligibility to work in the United States within three days of your hire date.

Pixelworks is an at-will employer, and your employment will not be for any specific period of time. You are free to quit and the Company is free to terminate employment at any time, with or without cause. It is further understood that this at-will employment relationship can only be changed in a formal written employment contract signed by the Chief Executive Officer.

Please indicate your acceptance of this offer by signing and returning a copy of this letter to our Human Resources department as soon as possible. Please note, we require receipt of this offer letter signed by you and completed Proprietary Information and Inventions Agreement (enclosed) prior to placing you on the Pixelworks payroll. This offer will expire on December 16, 2015.

Finally, we request that you maintain confidentiality of the terms and conditions of this offer.

We sincerely hope you find this employment offer attractive and look forward to welcoming you to the Pixelworks team. If you find that we can be of further assistance, please feel free to contact us with any questions.

Sincerely,

/s/ Steven L Moore

For Bruce Walicek
President & Chief Executive Officer

I accept this contingent offer of employment with Pixelworks Inc. and agree to the terms and conditions as stated above.
I agree to commence employment on January 4, 2016.
(Date of hire)

Signed /s/ Todd DeBonis
Todd A. DeBonis

Please send a copy of your signed offer letter in an envelope marked Confidential to:

**Human Resources
Pixelworks Inc.
224 Airport Pkwy., Ste 400,
San Jose, CA 94110
Phone: 408-200-9200
Fax: 408-200-9299**

Separation and Consulting Agreement

This Separation and Consulting Agreement (“Agreement”) is made by and between Bruce Walicek , an individual (the “Executive”) and Pixelworks, Inc. (the “Company”) (individually each a “Party” and collectively the “Parties”). The Executive must sign and return this Agreement within twenty-one (21) days of his Separation Date (as defined below) and not revoke this Agreement in order to be eligible for the benefits described below.

Recital

By mutual agreement the Executive resigned effective February 1, 2016 (the “Separation Date”) based on the agreement that his resignation shall be treated as a termination by the Company without Cause under the terms of the employment agreement between Executive and the Company, effective November 2, 2012 (the “2012 Employment Agreement”). The Company has agreed to provide the Executive with severance pay and other benefits but is willing to do so only if the Executive provides the Company with the Release (as defined below) and agrees to the consulting provisions in this Agreement.

The Executive acknowledges that the Executive has received final paychecks which included payment of all wages due and all accrued, unused vacation and/or PTO. Executive represents that he has been paid all amounts he was owed as salary, bonuses, commissions or other wages and has received reimbursement of all reimbursable business expenses. Executive understands that his group medical benefits will terminate February 29, 2016, absent his election of COBRA coverage, as described below.

Agreement

Based upon the information stated in the above Recital and the statements, promises and agreements contained below, the Parties hereby agree as follows:

1. Severance Benefits. The Company agrees to pay the following severance payments to Executive after the Effective Date:
 - a. Severance Pay. Not later than the first regularly scheduled payroll payment date at least ten (10) days after the Effective Date of the Release (as defined in Paragraph 25, below), the Company will pay the Executive a lump sum payment in the gross amount of seven hundred thousand dollars (\$700,000), which is equivalent to one year of Executive’s annual base salary and Executive’s Termination-Based Target Bonus (as defined in the 2012 Employment Agreement). This payment will be subject to all legally required payroll withholdings.
 - b. COBRA. In consideration for this release and other promises made by Executive herein, and provided that Executive timely elects COBRA coverage, the Company agrees to pay the cost of Executive’s COBRA premiums for the group health care coverage elected by the Executive as of his Separation Date for up to twelve (12) months beginning on March 1, 2016 and ending on February 28, 2017 (the “Severance Period”); provided that, notwithstanding the foregoing, in the event such COBRA premium reimbursements could result in a penalty to the Company under applicable law, the Company may instead provide Executive with payments during the Severance Period equivalent in value to the COBRA premium reimbursements otherwise payable hereunder but without regard as to whether Executive continues health insurance coverage under the Company’s group health plan (the “Substitute Benefit”). The Substitute Benefit payments will cease upon the occurrence of an event that would cause Executive to no longer be eligible to receive COBRA continuation coverage under the Company’s group health plan if Executive had elected such coverage. The Company shall make the agreed upon COBRA payments beginning with the first payment due after the Effective Date of this Release Agreement. If for any reason, Executive directly pays for COBRA prior to the Effective Date of this Release Agreement, the Company will reimburse Executive for any such payment within 10 days of receiving the reimbursement request and proof of payment by Executive. Executive shall notify the Company in the event Executive is no longer eligible to receive COBRA coverage.
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2. Equity Awards. The Equity Award Statement attached as Exhibit A hereto sets forth the terms and vesting status of all of Executive's stock options ("Options") and restricted stock units ("RSUs" and together with the Options, the "Equity Awards") in the Company's common stock that are outstanding as of the Separation Date. The parties agree that the Equity Awards will continue to vest and be exercisable pursuant to the terms of the relevant award agreements governing the Equity Awards during the Consulting Term (as defined below), but only after giving effect to the following amendments to such terms.

a. The parties acknowledge that the Options to the extent currently outstanding (and not previously expired, forfeited or exercised) are vested and will expire in accordance with their terms. For each Option identified on Exhibit A as being subject to an Option Agreement providing for an extended exercisability period in connection with an "Involuntary Termination" by the Company, the relevant Option's extended exercisability period is measured from the Separation Date and not the end of the Consulting Term, as defined below.

b. Notwithstanding anything to the contrary in the relevant award agreements governing the RSUs, the Company's 2006 Stock Incentive Plan, Executive's 2012 Executive Employment Agreement or any other agreement between the parties, the vesting and termination terms of the Executive's RSUs to the extent outstanding immediately prior to the Separation Date (i.e., not previously terminated, expired or vested) are amended effective as of the Separation Date to provide:

i. The outstanding RSUs shall remain outstanding subject to vesting as provided in this Paragraph 2.b. For avoidance of doubt, the time vesting schedules previously applicable to such RSUs shall cease to apply effective February 1, 2016.

ii. As consideration for and subject to Executive's performance of the consulting services set forth in Paragraph 5 below, an aggregate of 12,100 RSUs across all outstanding RSU awards shall vest on the last trading date of each month during the six month Consulting Term, provided that no more than 72,600 RSUs in the aggregate will become vested after the Separation Date as consideration for performance of consulting services pursuant to Paragraph 5 below.

iii. The Executive's outstanding RSUs to the extent not vested on the Separation Date and which have not vested in consideration for consulting services under Paragraph 5 shall remain outstanding and shall be eligible to vest in the event of Change of Control during the Control Change Window as provided in Section 4.a. of the 2012 Employment Agreement, provided that Executive's termination shall be treated as covered by Section 4.a. of the Employment Agreement and for purposes of identifying the Control Change Window, the Separation Date under this Agreement shall apply without regard to any continued service during the Consulting Term. Such RSUs shall, except to the extent vested by reason of the preceding sentence, terminate on the close of business on the date which is six (6) months after the Separation Date. Vesting of RSUs under this paragraph shall continue to be subject to the limitations of Section 6 of the Employment Agreement.

3. Separation from Employment, Positions, and Offices. Executive hereby confirms the cessation of his employment with the Company as President and Chief Executive Officer, and from all positions and offices that he held with the Company and/or its subsidiaries and/or affiliates effective as of the Separation Date. Executive has resigned from all officer or director positions he has with the Company, its subsidiaries, and/or affiliates. Executive further agrees that he shall promptly execute such additional documents as are reasonably requested by the Company to evidence and effectuate this Paragraph 3.

4. Pay in Lieu of Notice. Executive acknowledges and agrees that he has been paid thirty-one thousand, two hundred and fifty dollars (\$31,250), less legal withholding, in lieu of receiving 30 days advance notice of termination of his employment.

5. Consulting. For a period of six months after the Separation Date (the "Consulting Term"), Executive agrees that he will reasonably cooperate with the Company and the new Chief Executive Officer

concerning requests for information about the business of the Company and to assist the Chief Executive Officer as requested with respect to the transition of duties. Executive will be compensated for such services in accordance with Paragraph 2(b)(ii) above.

6. Litigation/Audit Cooperation. Executive shall reasonably cooperate with the Company or any of its subsidiaries or affiliates (the "Company Group") in connection with (a) any internal or governmental investigation or administrative, regulatory, arbitral or judicial proceeding involving any member of the Company Group with respect to matters relating to Executive's employment with or service as a member of the board of directors of any member of the Company Group other than a third party proceeding in which Executive is a named party and Executive and the Company (or the applicable member(s) of the Company Group) have not entered into a mutually acceptable joint defense agreement (collectively, "Litigation") or (b) for a two (2) year period following the Separation Date, any audit of the financial statements of any member of the Company Group with respect to the period of time when Executive was employed by any member of the Company Group ("Audit"). Executive acknowledges that such cooperation may include, but shall not be limited to, Executive making himself available to the Company or any other member of the Company Group (or their respective attorneys or auditors) upon reasonable notice for: (i) interviews, factual investigations, and providing declarations or affidavits that provide truthful information in connection with any Litigation or Audit; (ii) appearing at the request of the Company or any member of the Company Group to give testimony without requiring service of a subpoena or other legal process; (iii) volunteering to the Company or any member of the Company Group pertinent information related to any Litigation or Audit; (iv) providing information and legal representations to the auditors of the Company or any member or any member of the Company Group, in a form and within a timeframe requested by the Board, with respect to the Company's or any member of the Company Group's opening balance sheet valuation of intangibles and financial statements for the period in which Executive was employed by the Company or any member of the Company Group; and (v) turning over to the Company or any member of the Company Group any documents relevant to any Litigation or Audit that are or may come into Executive's possession. The Company shall reimburse Executive for reasonable travel expenses incurred in connection with providing the services under this Paragraph 6, including lodging and meals, upon Executive's submission of receipts. After completion of the Consulting Term, the Company shall also compensate Executive for each hour that Executive provides cooperation in connection with this Paragraph 6 at an hourly rate of \$336.54 (Executive's termination-base salary plus his termination-base bonus, divided by 2080). Executive shall submit invoices for any month in which Executive performs services pursuant to this Paragraph 6 that details the amount of time and a description of the services rendered for each separate day that Executive performed such services. Any reimbursement requests pursuant to this Paragraph 6 must be submitted within sixty (60) days of the day Executive incurs such expenses. The Company shall reimburse Executive within fifteen (15) days of receiving a reimbursement request from Executive.

7. General Release. The Executive releases and forever discharges the Company and each of its employees, officers, directors, shareholders, agents, predecessors and successors in interest, parents, subsidiaries, attorneys, and assigns ("Company-Affiliates"), from any and all claims, demands, obligations and/or liabilities which arise out of or relate to any action by the Company or the Company-Affiliates or omission to act by the Company or the Company-Affiliates occurring on or before the date this Agreement is signed by the Executive or relating to Executive's employment (the "Release").

8. Claims which may not be Released. There are certain claims which, under state or federal statutes or regulations, may not be released or may not be released except with the participation and approval of a state or federal agency. For example, claims for indemnification under the California Labor Code cannot be waived or released and claims related to Workers' Compensation benefits may not be waived without the express approval of the agency that oversees administration of those laws. The Release does not extend to claims for unemployment or workers' compensation benefits. The Release is not intended to cover and does not extend to these claims or other claims that, by law, cannot be released in an agreement between an employer and an employee. In addition, this release does not extend to any rights to indemnification which Executive may have pursuant to any written agreement with the Company, or any parent or subsidiary of the Company, to which Executive is a party; the charter, bylaws or other governing documents of the Company, or any parent or subsidiary of the Company; under

applicable law; or under directors and officers liability, errors and omissions, or other insurance policies including any run-off endorsement relating thereto, or otherwise.

9. Release of All-employment Related claims. To the extent permitted by law, the Release includes, but is not limited to, release of any and all claims arising out of the Executive's employment with the Company or Company-Affiliates and the termination of that employment. This includes a release of any rights or claims the Executive may have under the Age Discrimination in Employment Act, 29 U.S.C. §§621, *et seq.*, (as amended by the Older Workers' Benefit Protection Act, 29 U.S.C. §626(f) which prohibits age discrimination in employment, Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§2000, *et seq.*, which prohibits discrimination in employment based on race, color, national origin, religion, or sex, the Equal Pay Act, which prohibits paying men and women unequal pay for equal work, the Americans with Disabilities Act (42 U.S.C. §§12101, *et seq.*), which prohibits discrimination against the disabled, the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. §§1001, *et seq.*, the Family Medical Leave Act (29 USC §2601, *et seq.*) which provides job security to employees due to certain absences from work, the Fair Labor Standards Act, 29 U.S.C. §§201 *et seq.*, (as amended), the California Fair Employment and Housing Act ("FEHA"), Government Code §§12940, *et seq.*, the California Labor Code, the California Private Attorney General Act, or any other federal, state or local laws or regulations relating to terms and conditions of employment. The Release also includes any claims for unpaid wages, wrongful discharge, breach of contract, fraud, misrepresentation, intentional and negligent infliction of emotional distress, harassment, and any claims that the Company or any Company-Affiliate has dealt with the Executive unfairly or in bad faith.

10. Release of Unknown Claims. To the maximum extent permitted by law, the Release extends to all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected. The Executive expressly waives the provisions of Section 1542 of the Civil Code which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

11. No-Pending Claims. The Executive promises and states that the Executive has not given or sold any claim discussed in this Agreement to anyone and that the Executive has not filed a lawsuit, claim, or charge with any court or government agency asserting any claims that are released by the Release. Without limiting the generality of the foregoing, the Executive agrees that the Executive will not bring or participate in any class action or collective action against the Company which asserts, in whole or in part, any claim(s) which arose prior to the date this Agreement is signed by the Executive, whether or not such claims are covered by the Release.

12. Return of Company Property. The Executive promises and states that he has returned to the Company all property belonging to the Company or authored by or concerning the Company (other than the Executive's personal copies of his/her payroll and benefits records), including, but not limited to, keys and passes, credit cards, computer hardware and software, papers, manuals, records, drawings, and documents.

13. Protection of Proprietary Information. The Executive promises and agrees that he will not, except upon written authorization from the Company or as required by law, disclose any confidential or proprietary information belonging to or concerning the Company, and/or Company-Affiliates, vendors, or customers, including, without limitation, financial data, business and marketing plans, budgets, personnel information, product designs and specifications, research and development plans and budgets, technical drawings and specifications, manufacturing methods, technical know-how or other trade secrets. The Executive acknowledges and reaffirms in its entirety the Employee Nondisclosure and Inventions Agreement executed upon commencement of his/her employment, a copy of which is attached to this Agreement (the "IP Agreement"). Notwithstanding anything else contained herein nothing in this Agreement is intended to or shall be construed to modify, impair or terminate any obligation of the Executive pursuant to the IP Agreement that by the terms of the IP Agreement continues after his/her separation from the Company's employment. Nothing in this provision prohibits the Executive from reporting

possible violations of law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation.

14. No Acts Detrimental to Company. Executive agrees not to act in any manner that might damage the business of the Company. Executive agrees not to counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director, Executive, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so.

15. Non-interference with rights of Government agencies. This Agreement recognizes the rights and responsibilities of the Equal Employment Opportunity Commission (“EEOC”) and the California Department of Fair Employment and Housing (“DFEH”) to enforce the statutes which come under their jurisdiction. This Agreement is not intended to prevent Executive from initiating or participating in any investigation or proceeding conducted by the EEOC or the DFEH; provided, however, that nothing in this section limits or affects the finality or the scope of the Release. The Executive has waived and released any claim the Executive may have for damages based on any alleged discrimination and may not recover damages in any proceeding conducted by the EEOC or the DFEH.

16. Non-disparagement. Executive agrees to refrain from any disparagement, defamation, libel or slander of the Company or Company-Affiliates or tortious interference with the contracts and relationships of the Company. The Company agrees to use reasonable efforts to request all directors and executive officers to refrain from any disparagement, defamation, libel or slander of Executive; provided the Company shall not be restricted with respect to any legally required disclosures.

17. Choice of Law. This Agreement is to be governed by California law.

18. Withholding. Payments and benefits provided under this Agreement are taxable under the laws of the United States and the State of California and will be subject to all required withholdings and court ordered wage assignments and/or garnishments.

19. Severability. If any portion of this Agreement is found to be unenforceable, then both the Executive and the Company desire that all other portions that can be separated from it or appropriately limited in scope shall remain fully valid and enforceable.

20. Arbitration. Except as prohibited by law, any dispute concerning the scope, interpretation or application of this Agreement or regarding any aspect of the employment of Employee by Company shall be resolved through final and binding arbitration in Santa Clara, California in accordance with the then existing Employment Dispute Resolution Rules (the “Rules”) of the American Arbitration Association (“AAA”). Judgment upon the award rendered by the arbitrator in such proceeding may be entered in any court having jurisdiction thereof, provided, however, that the law applicable to any issues regarding the scope, effectiveness or interpretation of this arbitration provision shall be the Federal Arbitration Act. The arbitration shall be conducted by a single neutral arbitrator selected by the parties from a list maintained by the AAA, through the selection procedures set forth in the AAA Employment Dispute Resolution Rules. This arbitration provision is not intended to modify or limit substantive rights or the remedies available to the Parties, including the right to seek interim relief, such as injunction or attachment, through judicial process, which shall not be deemed a waiver of the right to demand and obtain arbitration.

21. Integration. This Agreement is intended by the Parties to be their final agreement. The statements, promises and agreements in this Agreement may not be contradicted by any prior understandings, agreements, promises or statements. The Executive states and promises that in signing this Agreement he has not relied on any statements or promises made by the Company, other than the promises contained in this Agreement. Any changes to this Agreement must be in writing and signed by both Parties.

22. Effect of Breach. Except as provide in Paragraph 25 (vii) hereof, if the Executive breaks any of the promises or agreements made in this Agreement, or if any of the representations or statements made by the Executive in this Agreement are discovered to be untrue, the Company may stop providing the severance benefits described in Paragraph 1 and Equity payments in Paragraph 2 and the Executive will return to the company all such payments which have been made up to that date. All of the other terms of this Agreement will remain in full force and effect.

23. Attorneys' Fees. Except as provided in Paragraph 25 (vii) hereof, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, plus reasonable attorneys' fees, incurred in connection with such an action.

24. Binding Effect. In signing this Agreement, the Executive intends to bind himself and his heirs, administrators, executors, personal representatives and assigns.

25. Waiver of Rights under the Age Discrimination in Employment Act. Executive is over the age of forty (40) years, and in accordance with the Age Discrimination in Employment Act and Older Workers' Benefit Protection Act (collectively, the "Act"), Executive acknowledges that:

i. He has been advised in writing to consult with an attorney prior to executing this Release, and has had the opportunity to do so;

ii. He is aware of certain rights to which he may be entitled under the Act;

iii. In exchange for executing this Release, Executive will receive severance pay to which he would otherwise not be entitled, and in addition to the compensation and benefits that he earned as an employee of the Company;

iv. By signing this Agreement, he will not waive rights or claims under the Act which may arise after the execution of this Agreement;

v. He has been given a period of at least 21 days to consider this Release, and understands that if he does not sign this Agreement he will not receive the severance pay and equity awards described in Paragraphs 1 and 2 of this Agreement; and

vi. Executive further acknowledges that he has a period of seven days from the date of execution in which to revoke this Agreement by email notice to Richard Sanquini. If the Executive revokes this Agreement, it shall not become effective or enforceable and the Executive will not receive the severance benefits described in Paragraph 1 and Equity payments described in Paragraph 2 of this Agreement. In the event Executive does not exercise his right to revoke this Agreement, the Agreement shall become effective on the date immediately following the seven-day revocation period described above ("Effective Date").

vii. Nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the 21-day period identified above, Executive hereby acknowledges that he has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

26. Advice of Counsel and Acknowledgments. The Executive represents and warrants that 1) the Executive has had the opportunity to discuss this Agreement with counsel, and 2) the Executive signs this Agreement of the Executive's own volition, without outside inducement or coercion, fully intending to be bound by its terms.

[Signatures on following page]

In order to bind the Parties to this Agreement, the Parties, or their duly authorized representatives have signed their names below.

Pixelworks, Inc.

By: /s/ Richard Sanquini
Richard Sanquini, Chairman of the Board

Executive

By: /s/ Bruce Walicek
Bruce Walicek
February 1, 2016
Date Signed By Executive

EXHIBIT A - EQUITY AWARD STATEMENT**Options**

Grant Date / Award#	Exercise Price Per Share	Outstanding Shares	Vested Outstanding Shares	Exercise Period After Termination
5/23/2006 N0002339	\$9.00	3,333	3,333	Earlier of (i) 3 months after (A) last day of Consulting Term or (B) such earlier date as the Executive ceases to provide the consulting services and (ii) Option's expiration date of 5/23/2016
5/22/2007 N003194	\$4.14	3,333	3,333	3 months after (A) last day of Consulting Term or (B) such earlier date as the Executive ceases to provide the consulting services
1/1/2008 N003356	\$2.28	31,666	31,666	3 months after (A) last day of Consulting Term or (B) such earlier date as the Executive ceases to provide the consulting services
3/31/2008 N0003394	\$2.31	168,333	168,333	3 months after (A) last day of Consulting Term or (B) such earlier date as the Executive ceases to provide the consulting services
3/23/2009 N003448	\$0.60	100,000	100,000	3 months after (A) last day of Consulting Term or (B) such earlier date as the Executive ceases to provide the consulting services
2/10/2010 N0003540	\$3.13	100,000	100,000	Earlier of (i) 3 months after (A) last day of Consulting Term or (B) such earlier date as the Executive ceases to provide the consulting services and (ii) Option's expiration date of 2/10/2016
2/10/2011 N0003679	\$3.48	125,000	125,000	3 months after (A) last day of Consulting Term or (B) such earlier date as the Executive ceases to provide the consulting services
2/09/2012 N003835	\$2.36	100,000	100,000	Extended exercisability period until later of (i) 3 months after (A) last day of Consulting Term or (B) such earlier date as the Executive ceases to provide the consulting services and (ii) 12 months after Separation Date

RSUs

Grant Date / Award#	Outstanding Shares	Unvested Outstanding Shares	Original Vesting Schedule	Amended Vesting Schedule
7/28/2014 N0004133	67,000	67,000	33,000 Shares on February 16, 2016 and 34,000 Shares on February 15, 2017	5,500 Shares vesting on the last day of each calendar month for up to 6 months, subject in each case to continued consulting services through the vesting date *See 2.b.iii for Control Change Window vesting
5/18/2015 N0004248	80,400	80,400	Vesting 39,600 Shares on February 16, 2016, 39,600 Shares on February 15, 2017 and 40,800 Shares on February 15, 2018	6,600 Shares vesting on the last day of each calendar month for up to 6 months, subject in each case to continued consulting services through the vesting date *See 2.b.iii for Control Change Window vesting



Pixelworks Announces Resignation of CEO Bruce Walicek

*Director Stephen Domenik Appointed Interim CEO and
Former Worldwide Sales Executive of TriQuint, Todd DeBonis, Appointed COO*

*Provides Preliminary Fourth Quarter Results; Revenue of \$13.5 million and
GAAP Net Loss Per Share of \$0.11*

San Jose, CA, February 1, 2016 -- Pixelworks, Inc. (NASDAQ:PXLW), an innovative provider of video display processing technology, today announced that effective immediately Bruce Walicek has resigned as President and Chief Executive Officer and as a Director from the board for personal reasons. Mr. Walicek will remain as a consultant to the Company for a period of up to six months.

Pixelworks' Board of Directors has commenced efforts to promptly identify and select a candidate to succeed Mr. Walicek as CEO. Until such time that a permanent CEO is appointed, Stephen Domenik will assume these duties and serve as interim CEO. Mr. Domenik has served as a Director on Pixelworks' board since August 2010 and previously acted as a strategic consultant to the Company in 2013.

Richard Sanquini, chairman of Pixelworks' board stated, "On behalf of the board and management team, I want to thank Bruce for his dedication and commitment to the Company. He contributed significantly to the repositioning of Pixelworks over the past eight years, and we appreciate his efforts. The board is actively working to appoint a permanent CEO."

"It's been a pleasure and honor for me to work with the excellent team at Pixelworks over the years," said Bruce Walicek. "I am confident that the company is well-positioned to succeed in its next phase of growth."

Stephen Domenik, Pixelworks' interim CEO commented, "I would like to welcome Todd DeBonis, who recently joined Pixelworks and will assume the role of Chief Operating Officer. Todd came to Pixelworks following a successful tenure as Vice President of Global Sales and Strategic Development at TriQuint Semiconductor. He will prove to be a valuable asset as Pixelworks further executes on its mobile product strategy. Todd is a seasoned executive with a wealth of experience spanning strategy, sales and operations across a global organization. He has an extensive background in communications applications and products that includes an impressive track record of increasing sales and market share."

Preliminary Fourth Quarter 2015 Results

The Company also reported preliminary fourth quarter 2015 results with revenue of \$13.5 million and a GAAP net loss per share of \$0.11. In regards to the Company's outlook for the first quarter of 2016, Mr. Domenik stated, "Looking ahead, the challenging market environment continues to impact our results and will likely contribute to greater than normal seasonal weakness in the first quarter of 2016. We will discuss in more detail on our upcoming conference call."

As previously announced, Pixelworks is scheduled to hold its fourth quarter and fiscal 2015 financial results conference call on Thursday, February 4th at 2:00pm PST.

Executive Biographies

Since 1995, Stephen Domenik has been a General Partner with Sevin Rosen Funds, a venture capital firm. Domenik currently serves as a director of MoSys, Inc. (NASDAQ: MOSY), a leader in semiconductor solutions that enable fast, intelligent data access for network and communications systems, and EMCORE Corporation (NASDAQ: EMKR), a provider of compound semiconductor-based components and subsystems. He previously served as Chairman of the Board of Meru Networks, Inc. (NASDAQ: MERU) until it was acquired by Fortinet in July 2015, and also served on the Board of Directors of NetLogic Microsystems, Inc. (NASDAQ: NETL) through its acquisition by Broadcom Corporation in February 2012 as well as PLX Technology, Inc. (NASDAQ: PLXT) which was acquired by Avago Technologies in August 2014. Domenik holds a B.S. in Physics and M.S.E.E. from the University of California at Berkeley.

Todd DeBonis brings to Pixelworks 28 years of experience in sales, marketing and business development at industry leading semiconductor companies where he created and implemented successful market penetration strategies. Most recently, he served as Vice President of Global Sales & Strategic Development at TriQuint Semiconductor (NASDAQ: TQNT) from 2004 to 2015. His responsibilities included global sales, business development, strategic planning, customer support, contract negotiation and corporate marketing. During his tenure at TriQuint, he was a key contributor to the company's rapid growth from \$300 million to \$1.1 billion, while increasing operating margin from break-even to 20%. Prior to TriQuint, DeBonis served as Vice President of Worldwide Sales & Marketing at Centillium Communications (NASDAQ: CTLM), Vice President of Worldwide Sales of Ishoni Networks and also held executive positions at Infineon Technologies, VisCom Corporation and Electec SoCal. DeBonis received a B.S.E.E. from the University of Nevada.

About Pixelworks, Inc.

Pixelworks creates, develops and markets video display processing technology for digital video applications that demand the very highest quality images. At design centers around the world, Pixelworks engineers constantly push video performance to keep manufacturers of consumer electronics and professional displays worldwide on the leading edge. The company is headquartered in San Jose, CA.

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

Safe Harbor Statement

This release contains forward-looking statements, including, without limitation, the Company's expectations as to timing of the Company's CEO search and the length of Mr. Domenik's service as the Interim CEO and Mr. Walicek's consulting term, performance of the executive team, that the Company is well-positioned to succeed in its next phase of growth, preliminary fourth quarter 2015 results, including revenue and GAAP net loss per share, and that the challenging macro environment is expected to contribute to greater than seasonal weakness in the Company's first quarter results, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements may be identified by use of terms such as "begin," "continue," "will," "expect", "believe," and similar terms or the negative of such terms. All statements other than statements of historical fact are forward-looking statements for purposes of this release, including any projections of revenue or other financial items or any statements regarding the plans and objectives of management for future operations. Such statements are based on management's current expectations, estimates and projections about the Company's business. These statements are not guarantees of future performance and involve numerous risks, uncertainties and assumptions that are difficult to predict. Actual results could vary materially from those contained in forward looking statements due to many factors, including, without limitation: our ability to find a permanent CEO on a timely basis; our ability to execute on our strategy; competitive factors, such as rival chip architectures, introduction or traction by competing designs, or pricing pressures; the success of our products in expanded markets; current global economic challenges; changes in the digital display and projection markets; seasonality in the consumer electronics market; our efforts to achieve profitability from operations; our limited financial resources and our ability to attract and retain key personnel. More information regarding potential factors that could affect the Company's financial results and could cause actual results to differ materially is included from time to time in the Company's Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the year ended December 31, 2014 as well as subsequent SEC filings.

The forward-looking statements contained in this release speak as of the date of this release, and we do not undertake any obligation to update any such statements, whether as a result of new information, future events or otherwise.

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Shelton Group

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