

PIXELWORKS INC  
Form 4  
May 24, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**GILL FRANK**

(Last) (First) (Middle)

01740 SW MILITARY ROAD

(Street)

PORTLAND, OR 97219

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**PIXELWORKS INC [PXLW]**

3. Date of Earliest Transaction  
(Month/Day/Year)  
**05/23/2006**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| Common Stock                    |                                      |  |                                | (A) or (D) Price  | 15,283  | D  |                                   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |                  |                 |              |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|------------------|-----------------|--------------|----------------------------|
|  |  |                                      |  | Code                           | V   | (A)  | (D)   | Date Exercisable | Expiration Date | Title        | Amount or Number of Shares |
| Non-Qualified Stock Option (right to buy)  | \$ 3   | 05/23/2006                           |  | A                              |   | 10,000   |   | (1)              | 05/23/2016      | Common Stock | 10,000                     |
| Non-Qualified Stock Option (right to buy)  | \$ 6.25  |                                      |  |                                |   |  |   | (2)              | 12/20/2012      | Common Stock | 22,500                     |
| Non-Qualified Stock Option (right to buy)  | \$ 7   |                                      |  |                                |   |  |   | (3)              | 05/23/2013      | Common Stock | 22,500                     |
| Non-Qualified Stock Option (right to buy)  | \$ 8.43  |                                      |  |                                |   |  |   | (4)              | 05/24/2015      | Common Stock | 10,000                     |
| Non-Qualified Stock Option (right to buy)  | \$ 9.83  |                                      |  |                                |   |  |   | (5)              | 10/23/2011      | Common Stock | 22,500                     |
| Non-Qualified Stock Option (right to buy)  | \$ 17.44   |                                      |  |                                |   |  |   | (6)              | 05/25/2014      | Common Stock | 27,500                     |

## Reporting Owners

| Reporting Owner Name / Address                             | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| GILL FRANK<br>01740 SW MILITARY ROAD<br>PORTLAND, OR 97219 | X             |           |         |       |

## Signatures

Frank Gill 05/24/2006

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) 25% becomes exercisable on the first anniversary of the date of grant, with the remaining 75% becoming exercisable ratably on a monthly basis beginning the day after the first anniversary and ending on the fourth anniversary of the date of grant.
- (2) The options become exercisable over a 4-year period, as follows: 5,625 shares exercisable as of May 6, 2003, 468.75 shares exercisable every month thereafter for 36 months.
- (3) The options become exercisable over a 4-year period, as follows: 5,625 shares exercisable as of May 23, 2004, 468.75 shares exercisable every month thereafter for 36 months.
- (4) The option becomes exercisable over a 4-year period which commenced on May 24, 2005, as follows: 2,500 shares exercisable as of May 24, 2006, 208.3 shares exercisable every month thereafter for 36 months through May 24, 2009.
- (5) The options become exercisable over a 4-year period which commenced on October 31, 2001, as follows: 5,625 shares exercisable as of October 31, 2002, 468.7 shares become exercisable every month thereafter for 36 months.
- (6) The options become exercisable over a 4-year period, as follows: 6,875 shares exercisable as of May 25, 2005, 572.91 shares exercisable every month thereafter for 36 months.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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