

PIXELWORKS INC
Form S-4/A
June 13, 2003
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As filed with the Securities and Exchange Commission on June 13, 2003

Registration No. 333-104641

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

Under

The Securities Act of 1933

PIXELWORKS, INC.

(Exact name of Registrant as specified in its charter)

Oregon
(State or other jurisdiction of
incorporation or organization)

3674
(Primary Standard Industrial Classification
Code Number)

91-1761992
(I.R.S. Employer
Identification Number)

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)

Allen H. Alley

President and Chief Executive Officer

8100 SW Nyberg Road

Tualatin, Oregon 97062

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(503) 454-1750

(Name, address, including zip code, and telephone number, including area code, of agent for service)

William C. Campbell, Esq.	<i>Copies to:</i> James E. Donegan	Selim Day, Esq.
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990 Marsh Road		
Menlo Park, California 94025		
(650) 473-2600		

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement and consummation of the merger contemplated herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8 of the Securities Act, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8, may determine.

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The information in this joint proxy statement/prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. Pixelworks may not sell these securities until the registration statement is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated June 13, 2003

Dear holders of Pixelworks and Genesis Microchip common stock:

On behalf of the boards of directors and management teams of each of Pixelworks, Inc. and Genesis Microchip Inc., we are pleased to deliver our joint proxy statement/prospectus for the proposed merger involving Pixelworks and Genesis Microchip. Upon completion of the merger, holders of Genesis Microchip common stock will be entitled to receive 2.3366 shares of Pixelworks common stock for each share of Genesis Microchip common stock they hold at that time. In the merger, Pixelworks will also assume all outstanding options to purchase Genesis Microchip common stock.

The common stock of each of Pixelworks and Genesis Microchip is traded on the Nasdaq National Market under the trading symbols PXLW and GNSS, respectively. Following the merger, and subject to the approval by the Pixelworks shareholders of a proposal to amend Pixelworks articles of incorporation, the combined company will be named Genesis Pixelworks, Inc., and we expect that its common stock will be traded on the Nasdaq National Market under the trading symbol GNPX. The headquarters of the combined company will be the current headquarters of Genesis Microchip in Alviso, California.

We encourage you to read this joint proxy statement/prospectus, which includes important information about the merger. In addition, the section entitled Risk Factors beginning on page 19 of this joint proxy statement/prospectus contains a description of risks that you should consider in evaluating the merger.

Completion of the merger requires Pixelworks shareholders to approve the issuance of shares of Pixelworks common stock in connection with the merger and requires Genesis Microchip stockholders to adopt the merger agreement. Pixelworks and Genesis Microchip have scheduled special meetings of their shareholders to obtain these approvals on • , 2003. Information regarding these special meetings is included in this joint proxy statement/prospectus.

The Pixelworks board of directors unanimously recommends that Pixelworks shareholders vote FOR the proposal to approve the issuance of shares of Pixelworks common stock in connection with the merger and FOR the proposal to amend Pixelworks articles of incorporation to change Pixelworks name to Genesis Pixelworks, Inc. after completion of the merger.

The Genesis Microchip board of directors unanimously recommends that Genesis Microchip stockholders vote FOR the proposal to adopt the merger agreement.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Pixelworks special meeting or the Genesis Microchip special meeting, please vote **FOR** your company's proposals today by signing and dating the enclosed proxy card and returning it in the pre-addressed envelope provided.

Thank you for your support.

Sincerely,

Allen H. Alley

**Chairman, President and Chief Executive Officer Pixelworks,
Inc.**

James E. Donegan

**Chairman and Chief Executive Officer
Genesis Microchip Inc.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares of Pixelworks common stock to be issued in connection with the merger or determined whether this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated • , 2003 and is first being mailed to shareholders of Pixelworks and Genesis Microchip on or about • , 2003.

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Pixelworks, Inc. and Genesis Microchip Inc. from documents that each company has filed with the Securities and Exchange Commission and that have not been included in or delivered with this joint proxy statement/prospectus.

Pixelworks will provide you with copies of this information relating to Pixelworks, without charge, upon written or oral request to:

Pixelworks, Inc.

Attention: Chief Financial Officer

8100 SW Nyberg Road

Tualatin, Oregon 97062

Telephone Number: (503) 454-1750

Genesis Microchip will provide you with copies of this information relating to Genesis Microchip, without charge, upon written or oral request to:

Genesis Microchip Inc.

Attention: Chief Financial Officer

2150 Gold Street

Alviso, California 95002

Telephone Number: (408) 262-6599

If you would like to request any documents, please do so by • , 2003, in order to receive them before the special meetings. See Where You Can Find Additional Information beginning on page 117.

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PIXELWORKS, INC.

8100 SW Nyberg Road

Tualatin, Oregon 97062

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON • , 2003

To the Shareholders of Pixelworks, Inc.:

Notice is hereby given that a special meeting of shareholders of Pixelworks, Inc. will be held on • , 2003, at 9:00 a.m., Pacific Time, at • , Portland, Oregon, for the following purposes:

1. to consider and vote on a proposal to approve the issuance of shares of Pixelworks common stock, par value \$0.001 per share, pursuant to the Agreement and Plan of Merger dated as of March 17, 2003 by and among Genesis Microchip Inc., Pixelworks and Display Acquisition Corporation, a newly formed, wholly-owned subsidiary of Pixelworks, pursuant to which Genesis Microchip will become a wholly-owned subsidiary of Pixelworks;
2. to consider and vote on a proposal to approve an amendment to Pixelworks articles of incorporation effective upon completion of the merger, changing the name of Pixelworks to Genesis Pixelworks, Inc.; and
3. to transact such other business as may properly come before the Pixelworks special meeting or any adjournment or postponement of the meeting.

These items of business are more fully described in the attached joint proxy statement/prospectus.

Only Pixelworks shareholders of record at the close of business on May 21, 2003, the date assumed for purposes of this document as the record date for the Pixelworks special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the meeting.

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Your vote is important. Whether or not you plan to attend the special meeting, we urge you to complete, date, sign and return the enclosed proxy card in the accompanying envelope. Your prompt response is greatly appreciated. You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus before it has been voted at the special meeting. Shareholders who attend the special meeting may vote their stock personally even if they have previously delivered a proxy.

By Order of the Board of Directors

of Pixelworks, Inc.

Allen H. Alley

Chairman of the Board, President

and Chief Executive Officer

June • , 2003

Tualatin, Oregon

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GENESIS MICROCHIP INC.

2150 Gold Street

Alviso, California 95002

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON • , 2003

To the Stockholders of Genesis Microchip Inc.:

Notice is hereby given that a special meeting of stockholders of Genesis Microchip Inc. will be held on • , 2003, at 9:00 a.m., Pacific Time, at 2150 Gold Street, Alviso, California, for the following purposes:

1. to consider and vote on a proposal to adopt the Agreement and Plan of Merger dated as of March 17, 2003 by and among Genesis Microchip, Pixelworks, Inc. and Display Acquisition Corporation, a newly formed, wholly-owned subsidiary of Pixelworks, pursuant to which Genesis Microchip will become a wholly-owned subsidiary of Pixelworks; and
2. to transact such other business as may properly come before the Genesis Microchip special meeting or any adjournment or postponement of the meeting.

Adoption of the Agreement and Plan of Merger will constitute approval of the merger. These items of business are more fully described in the attached joint proxy statement/prospectus.

Only Genesis Microchip stockholders of record at the close of business on May 21, 2003, the date assumed for purposes of this document as the record date for the Genesis Microchip special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the meeting.

Your vote is important. Whether or not you plan to attend the special meeting, we urge you to complete, date, sign and return the enclosed proxy card in the accompanying envelope. Your prompt response is greatly appreciated. You may revoke your proxy in the manner

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described in the accompanying joint proxy statement/prospectus before it has been voted at the special meeting. Stockholders who attend the special meeting may vote their stock personally even if they have previously delivered a proxy.

By Order of the Board of Directors

of Genesis Microchip Inc.

June • , 2003

Alviso, California

Eric Erdman

Secretary

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why am I receiving this joint proxy statement/prospectus?

A: Pixelworks and Genesis Microchip are proposing to merge under the terms of the merger agreement that is attached as *Annex A* and that is described in this joint proxy statement/prospectus.

The merger requires approval by the shareholders of Pixelworks and Genesis Microchip. Pixelworks and Genesis Microchip have scheduled special meetings of their shareholders to obtain these approvals.

Q: Why are Pixelworks and Genesis Microchip proposing to merge?

A: We are proposing to merge because we believe the merger will enhance our competitive ability in the advanced display industry. In addition, we believe that the combined company will have a more diversified product offering and revenue base than either company has on a stand-alone basis.

Q: What will happen to my shares in the merger?

A: *Pixelworks:* All outstanding shares of Pixelworks common stock will remain outstanding.

Genesis Microchip: Each issued and outstanding share of Genesis Microchip common stock will convert into the right to receive 2.3366 shares of Pixelworks common stock. Genesis Microchip stockholders will receive cash in lieu of fractional shares.

Q: What percentage of the combined company will the shareholders of Pixelworks and Genesis Microchip own after the merger?

A: *Pixelworks:* Assuming the merger had been completed as of May 21, 2003, Pixelworks shareholders would have owned approximately 38.3% of the outstanding shares of the combined company.

Genesis Microchip: Assuming the merger had been completed as of May 21, 2003, Genesis Microchip stockholders would have owned approximately 61.7% of the outstanding shares of the combined company.

Q: As a Genesis Microchip stockholder will I be able to trade the stock I receive in the merger?

A: The shares of Pixelworks common stock issued to you in the merger will be freely tradable, unless you are an affiliate of Genesis Microchip. Generally, persons who are affiliates of Genesis Microchip must comply with Rule 145 under the Securities Act of 1933 if they wish to sell or otherwise transfer any of the shares of Pixelworks common stock they receive in the merger.

Q: What will happen to my stock options in the merger?

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A: *Pixelworks*: All outstanding options to purchase Pixelworks common stock will remain outstanding. The vesting of certain Pixelworks stock options held by directors and certain key employees of Pixelworks will be accelerated in connection with the merger.

Genesis Microchip: Each option to purchase Genesis Microchip common stock outstanding at the time of the merger will be assumed by Pixelworks and will become an option to acquire a number of shares of Pixelworks common stock determined by multiplying the number of shares of Genesis Microchip common stock covered by the option immediately before the completion of the merger by 2.3366, rounded down to the nearest whole share. The exercise price per share of each assumed option will be equal to the exercise price per share of Genesis Microchip common stock applicable to that option, divided by 2.3366, rounded up to the nearest whole cent.

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Q: What will the combined company be called?

A: The combined company will be called Genesis Pixelworks, Inc. if Pixelworks' shareholders approve the proposed amendment to Pixelworks' articles of incorporation. The combined company's common stock is expected to trade on the Nasdaq National Market under the trading symbol GNPX.

Q: Where will the combined company have its headquarters?

A: The headquarters of the combined company will be Genesis Microchip's current headquarters in Alviso, California. The combined company will also have a significant presence at Pixelworks' current headquarters in Tualatin, Oregon.

Q: What am I being asked to vote on?

A. *Pixelworks shareholders:* You are being asked to vote to approve the issuance of shares of common stock in connection with the merger and to approve an amendment to the Pixelworks articles of incorporation to change the company's name to Genesis Pixelworks, Inc.

Genesis Microchip stockholders: You are being asked to vote to adopt the merger agreement, which will constitute approval of the merger.

Q: What shareholder approvals are required?

A: *Pixelworks shareholders:* The issuance of shares in the merger and the proposed amendment to the articles of incorporation each require the affirmative vote of a majority of the votes cast at the Pixelworks special meeting.

Genesis Microchip stockholders: Adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of Genesis Microchip common stock.

Q: When and where will the votes take place?

A: The special meetings of Pixelworks and Genesis Microchip shareholders will take place on • , 2003 at the locations specified in the notices of special meetings in this joint proxy statement/prospectus.

Q: How does my board of directors recommend that I vote?

A: *Pixelworks shareholders:* The Pixelworks board of directors unanimously recommends that Pixelworks shareholders vote **FOR** the issuance of Pixelworks common stock pursuant to the merger and **FOR** the amendment to the articles of incorporation to change the company's name to Genesis Pixelworks, Inc.

Genesis Microchip stockholders: The Genesis Microchip board of directors unanimously recommends that Genesis Microchip stockholders vote **FOR** the adoption of the merger agreement.

Q: How do I vote?

A: *If your shares are registered in your name:* Complete, sign, date and return the enclosed proxy card in the enclosed return envelope as soon as possible. You may also attend and vote at the special meeting instead of submitting a proxy.

If your shares are held in street name: You need to follow your broker's instructions as to how to vote your shares. Your broker will not vote your shares unless he or she receives instructions from you.

Q: How do I change my vote?

A: *If your shares are registered in your name:* You may change your vote at any time before your company's meeting by sending a signed revocation or a proxy with a later date to your company's secretary, or by attending the special meeting and voting in person.

If your shares are held in street name: You need to follow your broker's instructions on how to change your vote.

Q: What happens if I am a registered holder and I return a properly executed proxy card but I don't indicate how to vote my proxy?

A: Your shares will be voted **FOR** the proposals related to the merger, including, in the case of Pixelworks shareholders, the proposal to change the company's name, and according to the best judgment of the proxyholder in regard to any other matter that properly comes before the special meeting.

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Q: *Should I send in my stock certificates?*

A: *Pixelworks shareholders:* No, you do not need to exchange your stock certificates.

Genesis Microchip stockholders: Not at this time. We will send you written instructions that explain how to exchange your shares of Genesis Microchip common stock for shares of Pixelworks common stock after completion of the merger.

Q: *When do you expect to complete the merger?*

A: We expect to complete the merger as soon as possible after the special meetings if we obtain the required shareholder approvals at these meetings. Because the merger is also subject to governmental approvals and other conditions, we cannot predict when we will complete the merger. Either company can terminate the merger agreement if we do not complete the merger by September 17, 2003, or, in specified circumstances, November 17, 2003.

Q: *Are there risks I should consider in deciding whether to vote for the share issuance or merger?*

A: Yes. We have set out a number of risk factors that you should carefully consider in connection with the merger under the heading "Risk Factors" beginning on page 19.

Q: *Who can help answer my questions about the merger?*

A: If you have any questions about the merger or how to vote your proxy, or if you need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, please contact:

If you are a Pixelworks shareholder:

Pixelworks, Inc.

8100 SW Nyberg Road

Tualatin, Oregon 97062

Attention: Chief Financial Officer

(503) 454-1750

If you are a Genesis Microchip stockholder:

Genesis Microchip Inc.

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2150 Gold Street

Alviso, California 95002

Attention: Chief Financial Officer

(408) 262-6599

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SUMMARY OF THE JOINT PROXY STATEMENT/PROSPECTUS

This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. For a more complete description of the merger, we encourage you to carefully read this entire joint proxy statement/prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this joint proxy statement/prospectus, which includes important business and financial information about Pixelworks and Genesis Microchip. You may obtain the information incorporated by reference into this joint proxy statement/prospectus without charge by following the instructions under the heading "Where You Can Find Additional Information" beginning on page 117.

OVERVIEW

Pixelworks and Genesis Microchip have agreed to combine their businesses under the terms of a merger agreement they have signed. Under the terms of that agreement, each issued and outstanding share of Genesis Microchip common stock will be converted into the right to receive 2.3366 shares of Pixelworks common stock, and Genesis Microchip will become a wholly-owned subsidiary of Pixelworks. A copy of the merger agreement is attached to this joint proxy statement/prospectus as *Annex A*.

THE COMPANIES

Pixelworks, Inc.

8100 SW Nyberg Road

Tualatin, Oregon 97062

(503) 454-1750

Pixelworks is a leading provider of system-on-a-chip integrated circuits for the advanced display industry. Pixelworks' solutions process and optimize video, computer graphics and Web information for display on a wide variety of devices, including multimedia projectors, digital televisions and flat-panel monitors, used in business and consumer markets. Pixelworks' broad integrated circuits product line is used by the world's leading manufacturers of consumer electronics and computer display products to enhance image quality and ease of use. Pixelworks is an Oregon corporation, and was incorporated in 1997.

Genesis Microchip Inc.

2150 Gold Street

Alviso, California 95002

(408) 262-6599

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Genesis Microchip designs, develops and markets integrated circuits that receive and process digital video and graphic images. Genesis Microchip's integrated circuits are typically located inside a display device and process incoming images for viewing on that display. Genesis Microchip's products utilize patented algorithms, integrated circuit architectures, advanced integrated circuit design and system design expertise to solve problems related to conversion of analog to digital display systems and improvement of perceived image quality.

Genesis Microchip commenced operations as a Canadian company in 1987, and changed its domicile to become a Delaware corporation in February 2002.

Display Acquisition Corporation

8100 SW Nyberg Road

Tualatin, Oregon 97062

(503) 454-1750

Display Acquisition Corporation is a Delaware corporation and a wholly-owned subsidiary of Pixelworks, incorporated in 2003 solely for the purpose of effecting the merger.

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In the merger, each issued and outstanding share of Genesis Microchip common stock will be converted into the right to receive 2.3366 shares of Pixelworks common stock. Because the exchange ratio is fixed at 2.3366, as the stock price of Pixelworks fluctuates, so does the market value of the stock consideration to be paid by Pixelworks. For example, as set forth in the table below, if Pixelworks common stock is trading at \$8.00 per share at the time the merger is completed, the consideration received by Genesis Microchip stockholders would have a value of \$18.69 per share. If Pixelworks common stock is trading at \$5.00 per share at the time the merger is completed, the consideration received by Genesis Microchip stockholders would have a value of \$11.68 per share. The post-closing value of the Pixelworks shares issued in the merger will continue to be subject to the fluctuations of the stock market.

Pixelworks	Per Share
Stock Price	Consideration to
_____	Genesis Microchip
_____	Stockholders
_____	_____
\$8.00	\$18.69
7.65 ⁽¹⁾	17.87
7.00	16.36
6.00	14.02
• ⁽²⁾	•
\$5.00	\$11.68

(1) Closing price on March 14, 2003 (the last complete trading day prior to the announcement of the proposed merger).

(2) Closing price on •, 2003 (the last complete trading day prior to the date of this joint proxy statement/prospectus).

FAIRNESS OPINIONS OF FINANCIAL ADVISORS**Opinion of Citigroup Global Markets Inc. (formerly Salomon Smith Barney Inc.) (page 42)**

In deciding to approve the merger, Pixelworks board of directors considered, among other things, the opinion of its financial advisor, Citigroup Global Markets Inc. (formerly Salomon Smith Barney Inc.), which we refer to as Citigroup, that, as of March 17, 2003 and subject to the considerations and limitations set forth in its opinion, the exchange ratio was fair, from a financial point of view, to Pixelworks. The full text of this opinion, which sets forth the assumptions made, general procedures followed, matters considered, and limits on review undertaken, is attached as *Annex B* to this joint proxy statement/prospectus. Pixelworks urges its shareholders to read the opinion of Citigroup in its entirety.

Opinion of Dresdner Kleinwort Wasserstein, Inc. (page 50)

In deciding to approve the merger, Genesis Microchip's board of directors considered, among other things, the opinion of its financial advisor, Dresdner Kleinwort Wasserstein, Inc., which we refer to as DrKW, that, as of March 17, 2003 and subject to the considerations and limitations set forth in its opinion, the exchange ratio was fair, from a financial point of view, to Genesis Microchip's stockholders. The full text of this opinion, which sets forth the assumptions made, matters considered, and limits on review undertaken, is attached as *Annex C* to this joint proxy

statement/prospectus. Genesis Microchip urges its stockholders to read the opinion of DrKW in its entirety.

INTERESTS OF DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

Pixelworks (page 58)

In connection with the merger, the vesting of certain Pixelworks stock options held by directors and executive officers of Pixelworks will accelerate. This will have the effect of accelerating approximately 17% of the 1,476,295 aggregate unvested stock options held by these individuals outstanding as of May 21, 2003. In addition, all stock options held by directors of Pixelworks who will not serve as directors of the combined company will accelerate.

In addition, Pixelworks executive officers have entered into agreements pursuant to which they may be eligible to receive severance payments and additional acceleration of stock option vesting in the event these officers are terminated or have their benefits reduced after completion of the merger. Further, Pixelworks has agreed to provide certain relocation benefits to Pixelworks chief operating officer and has made a contractual designation of

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certain individuals to serve on the board of directors or the management team of the combined company for the 12-month period following the merger. Each of these interests is more particularly described under the heading Interests of Director and Executive Officers of Pixelworks beginning on page 58. These interests are different from or in addition to the interests of holders of common stock of Pixelworks generally and may make these directors and executive officers more likely to recommend the merger.

Genesis Microchip (page 60)

In connection with the merger, the vesting of certain Genesis Microchip stock options held by certain directors and an officer of Genesis Microchip will accelerate. This will have the effect of accelerating all stock options of current Genesis Microchip board members who do not continue as directors of the combined company and all stock options of an executive officer if he does not continue as an employee of the combined company. In addition, some of Genesis Microchip's officers have entered into agreements pursuant to which they may be eligible to receive severance payments and acceleration of stock option vesting in the event these officers are terminated or have their benefits reduced after completion of the merger.

These interests together with the contractual designation of certain individuals to serve on the board of directors or the management team of the combined company, for the 12-month period following the merger, are different from or in addition to the interests of holders of common stock of Genesis Microchip generally and may make these directors and officers more likely to recommend the merger.

SHARE OWNERSHIP OF MANAGEMENT

Pixelworks (page 99)

As of the record date, the directors and executive officers of Pixelworks, together with their affiliates, beneficially owned a total of 10,173,329 shares, representing approximately 22.5% of the shares of Pixelworks common stock outstanding and entitled to vote at the special meeting.

Genesis Microchip (page 101)

As of the record date, the directors and executive officers of Genesis Microchip, together with their affiliates, beneficially owned a total of 999,623 shares, representing approximately 3.1% of the shares of Genesis Microchip common stock outstanding and entitled to vote at the special meeting.

VOTING AGREEMENTS (page 84)

All of the directors of Pixelworks have entered into voting agreements with Genesis Microchip obligating them to vote their shares in favor of the issuance of Pixelworks common stock in the merger. As of the record date, these voting agreements covered a total of 2,534,502 shares of

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Pixelworks common stock, representing approximately 5.6% of the shares of Pixelworks common stock outstanding and entitled to vote at the Pixelworks special meeting.

All of the directors of Genesis Microchip as of March 17, 2003, the date of the merger agreement, have entered into voting agreements with Pixelworks obligating them to vote their shares in favor of adoption of the merger agreement. As of the record date, these voting agreements covered a total of 308,609 shares of Genesis Microchip common stock, representing approximately 1.0% of the shares of Genesis Microchip common stock outstanding and entitled to vote at the Genesis Microchip special meeting.

REGULATORY APPROVALS (page 81)

The merger is subject to United States antitrust law. We have made the required filings with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice. We are not permitted to complete the merger until the applicable waiting periods associated with those filings, including any extension of those waiting periods, have expired or been terminated and required clearances have been obtained. A governmental authority or private party could challenge or seek to block the merger under antitrust law at any time before or after its completion.

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AMENDMENT TO PIXELWORKS ARTICLES OF INCORPORATION NAME CHANGE (page 85)

In connection with the merger, Pixelworks has agreed to submit a proposal to its shareholders to amend its articles of incorporation to change the name of the company to Genesis Pixelworks, Inc. effective upon completion of the merger.

ORGANIZATION OF THE COMBINED COMPANY

Board of Directors (page 86)

After completion of the merger, the board of directors of the combined company will be expanded from five to nine directors, four of whom will have served on the board of directors of Pixelworks immediately prior to the merger, four of whom will have served on the board of directors of Genesis Microchip immediately prior to the merger, and one of whom will be designated by the four Pixelworks board designees and must be reasonably acceptable to the Genesis Microchip board designees. The Chairman of the board of directors will be a current Genesis Microchip director.

Executive Officers (page 86)

After completion of the merger, the executive officers of the combined company will include executive officers of Pixelworks and Genesis Microchip. Officers of Pixelworks will serve as chief executive officer, chief operating officer and chief financial officer of the combined company. An officer of Genesis Microchip will serve as executive vice president of all three business units of the combined company.

Organizational Structure (page 89)

After completion of the merger, the combined company will have a new organizational structure which will group the combined company's product development and marketing group into three business units: flat-panel monitors, projectors and digital television applications.

THE MERGER

Pixelworks and Genesis Microchip Prohibited from Soliciting Other Offers (page 68)

Pixelworks and Genesis Microchip have each agreed that while the merger is pending, neither will, subject to some limited exceptions, initiate nor participate in discussions with any third party regarding extraordinary transactions, such as mergers, business combinations or sales of a material amount of assets or capital stock.

Conditions to Completion of the Merger (page 74)

Several conditions must be satisfied or waived before we complete the merger, including:

approval by Pixelworks shareholders and Genesis Microchip stockholders;

absence of any order or injunction prohibiting completion of the merger;

expiration or termination of all waiting periods under applicable antitrust laws;

receipt of opinions by Pixelworks and Genesis Microchip from their respective tax counsel that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code;

accuracy at the completion of the merger of the representations and warranties in the merger agreement of each of Pixelworks and Genesis Microchip, except as would not have a material adverse effect;

absence of any changes to the organizational structure of the combined company that Pixelworks has agreed to implement; and

material compliance by Pixelworks and Genesis Microchip with their respective covenants in the merger agreement.

Termination of the Merger Agreement (page 76)

Under circumstances specified in the merger agreement, either of Pixelworks or Genesis Microchip may terminate the merger agreement if:

the other party consents to the termination;

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the merger is not completed by September 17, 2003, or in specified circumstances, November 17, 2003, and a breach of the merger agreement by the party seeking to terminate was not a principal cause of the failure to complete the merger by such date;

any governmental entity takes a nonappealable final action permanently restraining the transaction;

the Pixelworks shareholders or the Genesis Microchip stockholders do not approve the matters required to be approved by them;

the other party takes certain actions in opposition to the merger or fails to take certain required actions in support of the merger; or

the other party breaches or fails to perform any of its representations, warranties or covenants such that the conditions to completing the merger are not satisfied.

Termination Fee (page 77)

If the merger agreement is terminated, either Pixelworks or Genesis Microchip, in specified circumstances, may be required to pay a termination fee of \$20 million to the other party.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES (page 82)

It is expected that the merger will constitute a tax-free reorganization for United States federal income tax purposes. Assuming the merger so qualifies, Genesis Microchip stockholders generally will not recognize gain or loss for United States federal income tax purposes as a result of receiving Pixelworks common stock in the merger, except with respect to cash received in lieu of fractional shares of Pixelworks common stock. It is a condition to the merger that each of Pixelworks and Genesis Microchip receive an opinion from its tax counsel that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

You should carefully read the discussion under the heading **Material United States Federal Income Tax Consequences** beginning on page 102. Further, you are encouraged to consult your own tax advisors to understand fully the tax consequences of the merger to you, because tax matters can be complicated, and the tax consequences of the merger to you will depend upon your own situation.

COMPARISON OF RIGHTS OF SHAREHOLDERS (page 102)

When Genesis Microchip stockholders become shareholders of the combined company after the merger, their rights will be governed by Oregon law and the combined company's articles of incorporation and bylaws, each as amended in accordance with the merger agreement. Those rights differ from the current rights of Genesis Microchip stockholders under Delaware law and the certificate of incorporation and bylaws of Genesis Microchip.

DISSENTERS OR APPRAISAL RIGHTS (page 80)

Neither Pixelworks shareholders nor Genesis Microchip's stockholders will be entitled to any dissenters or appraisal rights in connection with the merger.

ACCOUNTING TREATMENT OF THE MERGER (page 80)

The merger will be accounted for under the purchase method of accounting. Although the merger is structured so that Genesis Microchip will become a subsidiary of Pixelworks after completion of the merger, for accounting purposes the acquisition will be a reverse acquisition, and Genesis Microchip will be treated as the acquiring company.

Table of Contents**SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF PIXELWORKS**

The table below presents a summary of Pixelworks' selected consolidated financial data as of the dates and for the periods indicated.

The consolidated statement of operations data presented below for the three months ended March 31, 2003 and 2002 and the consolidated balance sheet data as of March 31, 2003 have been derived from Pixelworks' unaudited consolidated financial statements and related notes thereto incorporated by reference into this joint proxy statement/prospectus. The consolidated statement of operations data presented below for the years ended December 31, 2002, 2001 and 2000 and the consolidated balance sheet data as of December 31, 2002 and 2001 have been derived from Pixelworks' consolidated financial statements and related notes thereto, incorporated by reference into this joint proxy statement/prospectus. The consolidated statement of operations data presented below for the years ended December 31, 1999 and 1998 and the consolidated balance sheet data as of December 31, 2000, 1999 and 1998 have been derived from Pixelworks' audited consolidated financial statements and related notes thereto, which are not incorporated by reference into this joint proxy statement/prospectus. The historical financial information may not be indicative of Pixelworks' future performance.

It is important for you to read the following summary of selected consolidated financial data together with Pixelworks' Management's Discussion and Analysis of Financial Condition and Results of Operations and with Pixelworks' consolidated financial statements and accompanying notes in Pixelworks' Annual Report on Form 10-K/A for the year ended December 31, 2002, and subsequent Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission, all of which are incorporated by reference into this joint proxy statement/prospectus.

Pixelworks Summary Selected Historical Consolidated Financial Data

	Three months						
	ended		Years ended December 31,				
	March 31,						
	2003	2002	2002	2001	2000	1999	1998
(In thousands, except per share data)							
Statement of Operations Data:							
Revenue	\$ 32,005	\$ 22,005	\$ 102,641	\$ 90,808	\$ 52,593	\$ 12,812	\$ 978
Cost of revenue	17,290	10,538	51,736	46,539	31,412	8,376	22
Gross profit	14,715	11,467	50,905	44,269	21,181	4,436	956
Operating expenses:							
Research and development	6,094	5,452	23,730	18,096	10,225	4,805	1,446
Selling, general and administrative	6,041	5,188	21,865	16,373	9,708	4,366	1,314
Amortization of goodwill and assembled workforce	242		242	15,982			
Patent settlement					4,078		
Merger related expenses	1,580						
In-process research and development		4,200	24,342	32,400			
Amortization of deferred stock compensation	164	1,027	2,972	8,421	2,157	558	
Total operating expenses	14,121	15,867	73,151	91,272	26,168	9,729	2,760

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Income (loss) from operations	594	(4,400)	(22,246)	(47,003)	(4,987)	(5,293)	(1,804)
Interest and other income, net	379	645	2,275	4,444	4,420	409	215
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income (loss) before income taxes	973	(3,755)	(19,971)	(42,559)	(567)	(4,884)	(1,589)
Income taxes	725	151	880			3	14
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income (loss)	248	(3,906)	(20,851)	(42,559)	(567)	(4,887)	(1,603)
Preferred stock beneficial conversion feature					9,996		
Accretion of preferred stock redemption preference					2,100	4,278	10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income (loss) attributable to common shareholders	\$ 248	\$ (3,906)	\$ (20,851)	\$ (42,559)	\$ (12,663)	\$ (9,165)	\$ (1,613)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net income (loss) per share:							
Basic and diluted	\$ 0.01	\$ (0.09)	\$ (0.48)	\$ (1.05)	\$ (0.50)	\$ (1.53)	\$ (0.61)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Weighted average number of shares outstanding	46,347	42,420	43,397	40,662	25,573	5,971	2,660

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	March 31,	December 31,				
	2003	2002	2001	2000	1999	1998
(In thousands)						
Balance Sheet Data:						
Cash and cash equivalents	\$ 89,471	\$ 62,152	\$ 53,288	\$ 49,681	\$ 12,199	\$ 6,119
Marketable securities	15,084	39,415	47,967	54,051		
Working capital	111,746	95,776	98,820	100,371	12,770	4,427
Total assets	231,168	227,212	202,839	120,294	18,394	7,676
Long-term obligations, net of current portion					591	
Redeemable convertible preferred stock					23,701	7,755
Total shareholders' equity (deficit)	215,863	214,816	193,633	106,453	(9,295)	(1,908)

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**SUMMARY SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF
GENESIS MICROCHIP**

The table below presents a summary of Genesis Microchip's financial results as of the dates and for the periods indicated.

The consolidated statement of operations data presented below for the nine months ended December 31, 2002 and the consolidated balance sheet data as of December 31, 2002 have been derived from Genesis Microchip's unaudited consolidated financial statements and related notes thereto incorporated by reference into this joint proxy statement/prospectus. The consolidated statement of operations data presented below for the fiscal years ended March 31, 2002, 2001 and 2000 and the consolidated balance sheet data as of March 31, 2002 and 2001 have been derived from Genesis Microchip's audited consolidated financial statements and related notes thereto incorporated by reference into this joint proxy statement/prospectus. The consolidated statement of operations data presented below for the ten months ended March 31, 1999 and the fiscal year ended May 31, 1998 and the consolidated balance sheet data as of March 31, 2000 and 1999 and May 31, 1998, have been derived from Genesis Microchip's audited consolidated financial statements and related notes thereto, which are not incorporated by reference into this joint proxy statement/prospectus. The unaudited consolidated statement of operations data for the nine months ended December 31, 2002 are not necessarily indicative of the results to be expected for any other interim period or for fiscal year 2003 as a whole. However, in the opinion of Genesis Microchip's management, the interim financial data presented reflects all adjustments, consisting only of normal recurring adjustments necessary for the fair presentation of the financial condition at such date and the results of operations for such period. The historical financial information may not be indicative of Genesis Microchip's future performance.

It is important for you to read the following summary of selected consolidated financial data together with Genesis Microchip's Management's Discussion and Analysis of Financial Condition and Results of Operations and with Genesis Microchip's consolidated financial statements and accompanying notes in Genesis Microchip's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2002 and subsequent Quarterly Reports on Form 10-Q as filed with the Securities and Exchange Commission, all of which are incorporated by reference into this joint proxy statement/prospectus.

Table of Contents**Genesis Microchip Summary Selected Historical Consolidated Financial Data**

	Nine months ended December 31, 2002 (unaudited)	Years ended March 31,			Ten months ended March 31, 1999	Year ended May 31, 1998
		2002	2001	2000		
(In thousands, except per share data)						
Statement of Operations Data:						
Revenues	\$ 139,545	\$ 163,370	\$ 63,627	\$ 53,332	\$ 37,738	\$ 15,988
Cost of revenues	88,283	89,287	32,416	17,021	14,062	4,869
Gross profit	51,262	74,083	31,211	36,311	23,676	11,119
Operating expenses:						
Research and development	27,914	21,762	17,413	16,065	10,261	7,100
Selling, general and administrative	26,752	21,469	15,947	12,364	10,307	6,137
Amortization of acquired intangibles	7,973	1,032				
Provision for costs associated with patent litigation	9,671					
In-process research and development		4,700				
Restructuring		1,858				
Merger-related costs				3,455		
Total operating expenses	72,310	50,821	33,360	31,884	20,568	13,237
Income (loss) from operations	(21,048)	23,262	(2,149)	4,427	3,108	(2,118)
Interest and other income	932	1,463	2,328	1,941	1,436	773
Income (loss) before income taxes	(20,116)	24,725	179	6,368	4,544	(1,345)
Provision for (recovery of) income taxes	(4,461)	6,729	(2,483)	360	(986)	(890)
Net income (loss)	\$ (15,655)	\$ 17,996	\$ 2,662	\$ 6,008	\$ 5,530	\$ (455)
Earnings (loss) per share:						
Basic	\$ (0.50)	\$ 0.82	\$ 0.14	\$ 0.32	\$ 0.31	\$ (0.04)
Diluted	\$ (0.50)	\$ 0.74	\$ 0.13	\$ 0.30	\$ 0.29	\$ (0.04)
Weighted average number of shares outstanding:						
Basic	31,445	22,025	19,406	18,756	18,027	11,634
Diluted	31,445	24,177	19,884	19,922	19,365	11,634
	December 31, 2002 (unaudited)	March 31,				May 31,
		2002	2001	2000	1999	1998
(In thousands)						
Balance Sheet Data:						
Cash and cash equivalents	\$ 118,096	\$ 106,564	\$ 32,827	\$ 42,942	\$ 38,479	\$ 38,401
Working capital	131,602	139,633	53,190	50,661	50,131	42,996

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Total assets	414,240	428,391	81,446	71,791	64,815	53,452
Long-term obligations, net of current portion	8,997	9,347	410	518	504	1,235
Total stockholders' equity	369,513	383,571	70,389	65,247	55,408	47,163

Table of Contents**RECENT DEVELOPMENTS****Genesis Microchip Inc.**

On May 1, 2003, Genesis Microchip Inc. announced its financial results for the quarter and fiscal year ended March 31, 2003. Genesis Microchip's Form 10-K for the fiscal year ended March 31, 2003 to be filed with the Securities and Exchange Commission is not yet complete. The following table presents important financial results for this most recent quarter and fiscal year (unaudited, in thousands except per share data):

	Three months ended		Year ended	
	March 31,		March 31,	
	2003	2002	2003	2002
Statement of Operations Data:				
Revenues	\$ 54,780	\$ 56,104	\$ 194,325	\$ 163,370
Cost of revenues	31,127	31,268	119,410	89,287
Gross profit	23,653	24,836	74,915	74,083
Operating expenses:				
Research and development	10,194	7,085	38,108	21,762
Selling, general and administrative	9,479	7,335	36,231	21,469
Amortization of acquired intangibles	2,654	1,032	10,627	1,032
Provision for costs associated with patent litigation			9,671	
In-process research and development		4,700		4,700
Restructuring		1,858		1,858
Total operating expenses	22,327	22,010	94,637	50,821
Income (loss) from operations	1,326	2,826	(19,722)	23,262
Interest and other income, net	14	332	946	1,463
Income (loss) before income taxes	1,340	3,158	(18,766)	24,725
Provision for (recovery of) income taxes	321	3,494	(4,140)	6,729
Net income (loss)	\$ 1,019	\$ (336)	\$ (14,636)	\$ 17,996
Earnings (loss) per share:				
Basic	\$ 0.03	\$ (0.01)	\$ (0.47)	\$ 0.82
Diluted	\$ 0.03	\$ (0.01)	\$ (0.47)	\$ 0.74
Weighted average number of shares outstanding:				
Basic	31,386	26,124	31,248	22,025
Diluted	32,815	26,124	31,248	24,177

	<u>March 31,</u>	
	<u>2003</u>	<u>2002</u>
Balance Sheet Data:		
Cash and cash equivalents	\$ 113,138	\$ 106,564
Working capital	131,931	139,633
Total assets	402,654	428,391
Long-term obligations, net of current portion		9,347
Stockholders' equity	373,833	383,571

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL DATA

The following selected unaudited pro forma condensed combined consolidated financial data was prepared using the purchase method of accounting. The merger will be accounted for as a reverse acquisition. As a reverse acquisition, the financial statements will reflect Genesis Microchip on a historical basis and will include the results of operations of Pixelworks from the effective date of the merger. The pro forma disclosures have been prepared on the basis of a March 31 year-end, the fiscal year-end of Genesis Microchip.

The table below presents selected financial data from the Pixelworks and Genesis Microchip unaudited pro forma consolidated statements of operations for the year ended March 31, 2003 included in this joint proxy statement/prospectus. The unaudited pro forma consolidated statements of operations are presented as if the merger had occurred at the beginning of the year. The unaudited pro forma consolidated balance sheet presents the combined financial position of Pixelworks and Genesis Microchip as of March 31, 2003 assuming that the merger had occurred as of that date.

The unaudited pro forma consolidated financial data are based on the estimates and assumptions set forth in the notes to such statements, which are preliminary and have been made solely for the purposes of developing such pro forma information. The unaudited pro forma consolidated financial data are not necessarily indicative of the financial position or operating results that would have been achieved had the merger been consummated as of the dates indicated, nor are they necessarily indicative of future financial position or operating results. This information should be read in conjunction with the unaudited pro forma condensed combined consolidated financial statements and related notes and the historical financial statements and related notes of Pixelworks and Genesis Microchip included in or incorporated by reference into this joint proxy statement/prospectus. See the information under the heading **Incorporation by Reference** beginning on page 114.

Table of Contents**Selected Unaudited Pro Forma Condensed Combined Consolidated Financial Data**

	Year ended
	March 31, 2003
	(In thousands,
	except
	per share data)
Statement of Operations Data:	
Revenue	\$ 306,966
Cost of revenue (exclusive of amortization of developed technology of \$21,475)	177,411
Gross profit	129,555
Operating expenses:	
Research and development	62,997
Selling, general and administrative	59,518
Amortization of acquired intangible assets	26,282
Provision for costs associated with patent litigation	9,671
Total operating expenses	158,468
Loss from operations	(28,913)
Interest income and other expense, net	2,955
Loss before income taxes	(25,958)
Recovery of income taxes	(8,048)
Net loss	\$ (17,910)
Net loss per share:	
Basic and diluted	\$ (0.15)
Weighted average shares used in computing net loss per share:	
Basic and diluted	118,218
	March 31, 2003
	(In thousands)
Balance Sheet Data:	
Cash and cash equivalents	\$ 202,609
Marketable securities	15,084
Working capital	246,403
Total assets	693,447
Long-term obligations, net of current portion	
Total shareholders' equity	636,261

Table of Contents**COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA**

The following table sets forth selected historical per share data and selected unaudited pro forma combined and equivalent per share data after giving effect to the merger as a reverse acquisition using the purchase method of accounting assuming the merger has been completed at the beginning of the periods presented. This data has been derived from and should be read in conjunction with the summary selected historical consolidated financial data and unaudited pro forma condensed combined consolidated financial statements beginning on page 9 of this joint proxy statement/prospectus, and the separate historical consolidated financial statements of Pixelworks and Genesis Microchip and accompanying notes incorporated by reference into this joint proxy statement/prospectus. See the information under the heading "Incorporation by Reference" beginning on page 114.

The unaudited pro forma per share data presented below is for informational purposes only. You should not rely on the pro forma financial data as an indication of the combined financial position or results of operations of future periods or the results that actually would have been realized had the merger of Pixelworks and Genesis Microchip occurred at the beginning of the period presented.

	As of or For the Twelve Months Ended March 31, 2003			
	Historical		Pro forma	
	Pixelworks	Genesis Microchip	Genesis Pixelworks	Genesis Microchip Equivalent (3)
Net loss per diluted share (1)	\$ (0.38)	\$ (0.47)	\$ (0.15)	\$ (0.35)
Book value per share (2)	4.77	11.99	5.39	12.59

- (1) The historical net loss per share is computed by dividing the historical net loss by the number of Pixelworks or Genesis Microchip diluted weighted average shares outstanding. The pro forma combined net loss per share is computed by dividing the pro forma combined net loss by the pro forma weighted average common shares outstanding.
- (2) Historical book value per share is computed by dividing shareholders' equity by the number of shares of Pixelworks or Genesis Microchip common stock outstanding. Pro forma combined book value per share is computed by dividing pro forma combined shareholders' equity by the pro forma number of shares outstanding.
- (3) The Genesis Microchip equivalent pro forma per share data amounts are calculated by multiplying Genesis Pixelworks combined pro forma per share amounts by the exchange ratio in the merger of 2.3366 shares of Pixelworks common stock for each share of Genesis Microchip common stock.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE INFORMATION**

Pixelworks common stock trades on the Nasdaq National Market under the symbol PXLW. Genesis Microchip common stock trades on the Nasdaq National Market under the symbol GNSS. The following table sets forth, for the quarters indicated, the high and low closing sale prices per share of Pixelworks and Genesis Microchip common stock as reported on the Nasdaq National Market.

	Pixelworks Common Stock		Genesis Microchip Common Stock	
	High	Low	High	Low
Calendar year ended December 31, 2001				
First quarter	\$ 26.75	\$ 10.00	\$ 18.88	\$ 9.31
Second quarter	35.74	8.31	37.40	8.38
Third quarter	34.30	10.04	36.00	19.70
Fourth quarter	19.00	9.41	69.81	26.70
Calendar year ended December 31, 2002				
First quarter	\$ 17.15	\$ 10.51	\$ 72.51	\$ 23.49
Second quarter	12.56	7.17	28.40	7.72
Third quarter	8.02	4.50	9.31	5.64
Fourth quarter	9.34	3.92	21.41	6.40
Calendar year ended December 31, 2003				
First quarter	\$ 8.76	\$ 5.46	\$ 18.15	\$ 10.49
Second quarter (through June 11, 2003)	8.28	5.70	19.02	13.05

The following table presents the last reported sales price of Pixelworks common stock and Genesis Microchip common stock on each of March 14, 2003 (the last full trading day before we announced the proposed merger) and •, 2003 (the last full trading day before the date of this joint proxy statement/prospectus). The table also presents the value of the Genesis Microchip common stock on an equivalent per share basis on each of March 14, 2003 and •, 2003, calculated by multiplying the Pixelworks common stock value on each date by the exchange ratio of 2.3366.

Date	Pixelworks	Genesis Microchip	Implied Share Value
	Common Stock	Common Stock	of Genesis Microchip Common Stock
March 14, 2003	\$ 7.65	\$ 13.17	\$ 17.87
•, 2003	\$	\$	\$

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act, and are subject to the safe harbor provisions created by those statutes. Forward-looking statements relate to expectations concerning matters that are not historical facts. Words such as projects, believes, anticipates, plans, expects, intends, and similar words and expressions are intended to identify forward-looking statements. We believe that the expectations reflected in the forward-looking statements are reasonable but we cannot assure you those expectations will prove to be correct. You should not place undue reliance on the forward-looking statements contained in this joint proxy statement/prospectus. Important factors that could cause the combined company's actual results to differ materially from those expectations are disclosed in this joint proxy statement/prospectus, including those provided under the heading Risk Factors beginning on page 19 and in the reports filed by Pixelworks and Genesis Microchip with the Securities and Exchange Commission which are incorporated by reference and described under the heading Incorporation by Reference beginning on page 114. If any of these risks or uncertainties materialize or any of these assumptions prove incorrect, the results of Pixelworks, Genesis Microchip and the combined company could differ materially from the expectations expressed or implied in these documents. These forward-looking statements speak only as of the date upon which the statements were made, and are expressly qualified in their entirety by these factors and all related cautionary statements. We are not under any obligation, and we expressly disclaim any obligation, to update or alter these forward-looking statements, whether as a result of new information, future events, or otherwise.

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RISK FACTORS

There are significant risks associated with the proposed merger. After completion of the merger, Pixelworks and Genesis Microchip will operate as a combined company in a market environment that cannot be predicted and that involves significant risks, many of which will be beyond the combined company's control. In addition to the other information contained in this joint proxy statement/prospectus or incorporated by reference into this document, including the risks contained in the reports filed by Pixelworks and Genesis Microchip with the Securities and Exchange Commission, you should carefully consider the risks described below before deciding how to vote your shares. Additional risks and uncertainties not currently known to Pixelworks and Genesis Microchip or that are not currently believed to be important to you, if they materialize, may also adversely affect the merger and the combined company.

Risks Related to the Merger

We may not be able to successfully integrate the businesses of Pixelworks and Genesis Microchip, which could harm our business and prevent us from realizing the anticipated financial benefits of the merger.

After the merger, we will need to integrate the operations of Pixelworks and Genesis Microchip. If we are unable to successfully complete this integration, our business may be harmed and we may not realize the anticipated financial benefits of the merger. This integration will require significant efforts, including:

- implementation of a new organizational structure;
- determination of product roadmaps;
- consolidation of research and development activities;
- coordination of worldwide sales and marketing efforts, including distribution channels;
- retention of existing customers;
- retention of management and other key employees;
- integration of manufacturing operations;
- retention of relationships with existing suppliers;
- transition to common accounting and information technology systems; and

development and implementation of common controls, procedures and policies.

The difficulties we may encounter in our integration efforts may be compounded by factors such as:

our widely dispersed operations, located in California, Oregon, Canada, Taiwan, China, Japan, India and South Korea; and

our new organizational structure, under which neither company has previously operated.

We may not successfully integrate our operations in a timely manner, or at all, and we may not realize the anticipated financial benefits of the merger to the extent, or in the timeframe, anticipated. The expected financial benefits relate to cost savings associated with anticipated restructurings, other operational efficiencies and greater economies of scale. However, these anticipated financial benefits are based on projections and assumptions, not actual experience, and assume a successful integration. In addition to the integration risks discussed above, our ability to realize these financial benefits could be adversely impacted by practical or legal constraints on our ability to combine our operations.

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Genesis Microchip stockholders will receive a fixed ratio of Pixelworks common stock for each share of Genesis Microchip common stock regardless of the market value of the Pixelworks common stock at the time of the completion of the merger.

In the merger, each share of Genesis Microchip common stock will be converted into the right to receive 2.3366 shares of Pixelworks common stock. There will be no adjustment to the exchange ratio and the parties do not have a right to terminate the merger agreement based upon changes in the market value of either Pixelworks common stock or Genesis Microchip common stock.

Market values of Pixelworks common stock and Genesis Microchip common stock have varied since Pixelworks and Genesis Microchip entered into the merger agreement and will continue to vary in the future. The dollar value of Pixelworks common stock that Genesis Microchip stockholders will receive upon completion of the merger will depend on the market value of Pixelworks common stock at the time of completion of the merger, which may be different from, or lower than, the closing price of Pixelworks common stock on the last full trading day preceding public announcement that Pixelworks and Genesis Microchip entered into the merger agreement, the last full trading day prior to the date of this joint proxy statement/prospectus or the date of the special meetings.

Genesis Microchip's business could be seriously harmed if it fails to successfully resolve its patent litigation with Silicon Image and Pixelworks would not be able to terminate the merger.

In the event of a negative development in the patent litigation brought by Silicon Image, Inc. against Genesis Microchip, Pixelworks will not have the right to unilaterally terminate the merger agreement. The lawsuit alleges that certain products of Genesis Microchip infringe Silicon Image patents. Genesis Microchip believes it has meritorious defenses to Silicon Image's claims. However, an unfavorable outcome to this litigation could force Genesis Microchip, or the combined company, to do one or more of the following:

stop selling products or using technology that contain the allegedly infringing intellectual property;

obtain a license to the relevant intellectual property, which license may not be available on reasonable terms, or at all;

incur substantial settlement costs; and

attempt to redesign those products that contain the allegedly infringing intellectual property.

Based on Genesis Microchip's revenues for the twelve months ended December 31, 2002, approximately 42% of Genesis Microchip's revenues could be impacted by this patent litigation. If Genesis Microchip, or the combined company, is forced to take any of these actions, it may be unable to continue selling certain products which could impair the revenues of Genesis Microchip or the combined company.

Pixelworks' business could be harmed if third parties cease developing new products or terminate current supply arrangements and Genesis Microchip would not be able to terminate the merger.

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Pixelworks develops new products with significant assistance from Analog Devices, Inc. and relies on Infineon Technologies AG to manufacture a substantial portion of its products. For the twelve months ended March 31, 2003, products developed with Analog Devices represented 2% of Pixelworks' revenues and products manufactured by Infineon represented 69% of Pixelworks' revenues. In the event Analog Devices terminates projects under development or Infineon delivers a notice terminating its relationship with Pixelworks, Genesis Microchip will not have the right to unilaterally terminate the merger agreement. These events could result in one or more of the following:

inability of Pixelworks to complete development of certain products unless alternative technology sources were found;

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termination of Pixelworks' license agreement with Analog Devices; and

the need for Pixelworks to make a final purchase of product from Infineon to satisfy forecasts of customer demand until product is available from a new supplier.

If the Analog Devices license is terminated, Pixelworks, or the combined company, may be unable to develop certain classes of new products or to continue to manufacture and sell those products jointly developed with Analog Devices. If Pixelworks, or the combined company, needs to make a final purchase of product from Infineon, it may be unable to purchase a sufficient quantity of products to fulfill customer demand or it may purchase more inventory than it is able to resell. If any of these events occur, the business, costs, revenues and customer relationships of Pixelworks and of the combined company could be harmed.

Pixelworks and Genesis Microchip may be unable to obtain approval from antitrust authorities without material restrictions or conditions on the combined company's business.

It is a condition to completing the merger that all waiting periods under applicable antitrust laws expire or are terminated. We may agree to restrictions or conditions, such as licenses or divestitures, imposed by antitrust authorities in order to obtain regulatory approval and these restrictions or conditions could harm the combined company's operations. We will not seek shareholder approval of any restrictions or conditions unless it is required under applicable law.

The stock prices and businesses of Pixelworks and Genesis Microchip may be adversely affected if the merger is not completed.

If the merger is not completed, the price of Pixelworks common stock and Genesis Microchip common stock may decline to the extent that the current market prices of Pixelworks common stock and Genesis Microchip common stock reflect the market assumption that the merger will be completed. In addition, Pixelworks' and Genesis Microchip's businesses may be harmed to the extent that customers, suppliers and others believe the companies cannot effectively compete in the marketplace without the merger, or there is customer or employee uncertainty surrounding the future direction of the product and service offerings and strategy of Pixelworks or Genesis Microchip on a stand-alone basis.

Some of the directors and key employees of Pixelworks and Genesis Microchip have interests and arrangements that could have affected their decision to support or approve the merger.

The interests of some of the directors and key employees of Pixelworks and Genesis Microchip in the merger and their participation in arrangements that are different from, or in addition to, those of Pixelworks or Genesis Microchip shareholders generally could have affected their decision to support or approve the merger. The merger agreement provides for:

the acceleration of vesting of stock options for those directors of Pixelworks and Genesis Microchip who will not serve as directors of the combined company when the merger is consummated;

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the execution of individual severance agreements for key employees of each of Pixelworks and Genesis Microchip providing for severance payments and accelerated vesting of stock options under certain circumstances;

the acceleration of vesting of certain stock options held by all directors and executive officers of Pixelworks after completion of the merger, which will have the effect of accelerating approximately 17% of the 1,476,295 aggregate unvested stock options held by such individuals as of May 21, 2003;

the provision of certain relocation benefits to an executive officer of Pixelworks; and

a supermajority vote of the board of directors of the combined company for the removal of certain officers of the combined company or a change in certain officers positions.

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Shareholders should consider whether directors and officers may have been more likely to recommend the proposals relating to the merger than if they did not have these interests. A discussion of such factors is contained under the heading **Interests of Directors and Executive Officers of Pixelworks and Genesis Microchip in the Merger** beginning on page 58.

Pixelworks and Genesis Microchip may lose key customers because of uncertainties surrounding the merger.

Customers and suppliers of Pixelworks and/or Genesis Microchip may, in response to the announcement of the merger, delay or defer purchasing decisions, elect to switch suppliers or choose to terminate supply arrangements, any of which could harm the businesses of Pixelworks or Genesis Microchip if the merger is not completed or harm the business of the combined company if the merger is completed.

Pixelworks and Genesis Microchip may lose foundries, licensors, sales representatives, or other business partners because of uncertainties surrounding the merger.

Foundries, licensors, sales representatives and others doing business with Pixelworks or Genesis Microchip may experience uncertainty about their future role with the combined company or may elect not to continue business with the combined company, or may seek to modify the terms under which they do business in ways that are less attractive, more costly, or otherwise damaging to the business of the combined company, any of which could harm the businesses of Pixelworks or Genesis Microchip if the merger is not completed or harm the business of the combined company if the merger is completed.

Pixelworks and Genesis Microchip may lose employees because of uncertainties surrounding the merger.

Current and prospective employees may experience uncertainty about their future role with the combined company as a result of the merger. This may adversely affect the ability of Pixelworks or Genesis Microchip to attract and retain key management, marketing and technical personnel. The loss of or lack of continued efforts by key personnel could impair integration of Pixelworks and Genesis Microchip, product development and customer relationships, which could cause a decline in the sales of the combined company.

Charges to earnings resulting from the application of the purchase method of accounting may adversely affect the market price of the common stock of the combined company following the merger.

In accordance with accounting principles generally accepted in the United States, the combined company will account for the merger using the purchase method of accounting but will base the acquisition on Genesis Microchip's historical financial statements as if Pixelworks is the acquired company. This will result in charges to earnings that could have a material adverse effect on the market price of the common stock of the combined company following completion of the merger. The portion of the estimated purchase price allocated to in-process research and development will be expensed by the combined company in the quarter in which the merger is completed. The combined company will incur additional depreciation and amortization expense over the useful lives of certain of the net tangible and intangible assets acquired in connection with the merger including, but not limited to, purchased developed technology, customer relationships and deferred stock-based compensation. Purchase accounting also requires the revaluation of tangible assets to their fair values which will result in charges to earnings of the combined company. In addition, the inherent gain on Pixelworks' stock options on the date the merger is completed will be deferred and amortized to earnings over the remaining vesting periods. To the extent the value of goodwill or intangible assets with indefinite lives become impaired, the combined company may be required to incur material charges relating to the impairment of those assets. These depreciation, amortization,

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in-process research and development and potential impairment charges could have a material impact on the combined company's results of operations.

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Costs associated with the merger may harm the financial results of the combined company.

Pixelworks estimates that it will incur direct transaction costs of approximately \$10.5 million in connection with the merger. Genesis Microchip estimates that it will incur direct transaction costs of approximately \$5.1 million in connection with the merger. We may incur additional material costs in quarters following completion of the merger. If the benefits of the merger do not exceed the costs associated with the merger, including any dilution to Pixelworks' shareholders, the combined company's financial results could suffer and the market price of the combined company's common stock could decline.

Risks Related to the Combined Company's Business Following the Merger

In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, you should consider the following risk factors related to the combined company. This discussion assumes that the merger has been completed.

The supermajority provisions contained in the merger agreement and agreements with certain employees may interfere with the board of directors' and management's ability to effectively govern and manage the combined company.

Restrictions imposed by the organizational structure contemplated by the merger agreement and agreements with certain employees may impair the ability of the board of directors and management of the combined company to quickly and adequately respond to changes in the business environment, which may, in turn, harm the combined company's operations.

For a period of twelve months after completion of the merger, the merger agreement requires a vote of at least 70% of the members of the board of directors to undertake certain actions, including:

changing the organizational structure of the combined company; and

approving the termination or replacement of certain key employees of the combined company.

In addition, each of Pixelworks and Genesis Microchip entered into change of control severance agreements with certain of their key employees. Although intended to retain these key employees by reducing their uncertainties about their role in the combined company, these agreements may restrict management's ability to change roles and responsibilities in the combined company in a manner management might otherwise then deem appropriate.

The ability of the combined company to operate successfully depends in part on the continued service of key employees after the merger, and it may not be able to retain these employees.

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Our success after the merger depends in part on the continued service of key Pixelworks and Genesis Microchip employees. Each of Pixelworks and Genesis Microchip has entered into employment agreements or post-employment non-competition agreements with certain, but not all, of their senior management and key employees. Employees of both Pixelworks and Genesis Microchip have the ability to terminate their employment relationship with Pixelworks, Genesis Microchip or the combined company at any time. If one or more key employees were to resign, the combined company could lose sales, experience delays in new product development and experience diversion of management resources. If the combined company cannot retain its key employees, its ability to operate may suffer. Because of the overlap in some positions, the uncertainty surrounding the new organizational structure, or changes in the reporting structure, we may lose some key employees.

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If the market demand for flat panel monitor, projector and digital television products fails to grow, the combined company's business may be harmed.

The combined company's revenues will depend on the growth of the demand for flat panel monitor, projector and digital television products. If the market demand for these products does not grow, demand for our products may not grow and, as a result, revenues of the combined company may suffer. In addition, the development of digital television products is at an early stage and further development requires continued consumer willingness to adopt emerging digital technologies. The potential number of display products and the timing of their development is uncertain and will depend in particular upon:

a significant reduction in the costs of products;

the availability of components such as LCD panels, projector light sources and other components required to manufacture display products; and

the emergence of competing technologies or standards.

Pixelworks and Genesis Microchip expect that a substantial portion of the combined company's revenues in the next year will be derived from sales to customers for flat panel monitor and projector products. The market for these and other potential products may not develop as expected, which could harm the combined company's operating results.

As a result of the merger, some customers who purchased products from one or both of Pixelworks and Genesis Microchip prior to the merger may curtail or not do business with the combined company, which could cause a decline in the sales of the combined company.

Customers who have historically purchased products from one or both of Pixelworks and Genesis Microchip may seek additional or alternative solutions following the merger:

those customers who purchase products from both companies may diversify their purchases by purchasing products from other suppliers and reducing their purchases from the combined company; and

those customers who purchase from only one company may discontinue their relationship with the combined company for reasons outside of our control.

The loss or reduction in sales to historical customers of Pixelworks and Genesis Microchip would harm the business, financial condition and results of operations of the combined company.

Failure to diversify its product offerings may harm the combined company's results of operations.

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A substantial portion of Pixelworks and Genesis Microchip's revenues are currently derived from sales of a limited number of products. Although following the merger, the combined company will have a more diverse product offering than either of Pixelworks or Genesis Microchip on a standalone basis, we expect that a small number of products will continue to account for a large portion of revenues of the combined company. If demand for such products decreases, our results of operations could be significantly harmed. In addition, if we are unable to successfully develop and market new products that diversify our revenue base, our future prospects will be diminished.

The combined company may make acquisitions, which involve numerous risks and if not successfully integrated, could harm its business.

Our growth is dependent on our ability to develop new products on a timely basis, which may require us to acquire other companies. Acquisitions are inherently risky, and no assurance can be given that future acquisitions, if any, will be successful and will not adversely affect the combined company's business, operating results or financial condition. Failure to successfully integrate acquisitions made by us could materially harm the combined company's business and operating results.

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If the combined company's products are not accepted, the combined company's revenues will suffer.

The combined company's success will depend on the extent to which its customers, manufacturers of flat panel monitors, projectors and digital television products elect to incorporate the combined company's products into their own products. The combined company must design products for customers that continually require higher functionality at lower costs. The development process for these advances is lengthy and will require the combined company to accurately anticipate technological innovations and market trends. The failure of the combined company's products to be accepted by these manufacturers for any reason could harm the combined company's business.

Pixelworks and Genesis Microchip are developing digital television products that are designed to operate with certain current industry standards. In the event manufacturers adopt different standards that are not compatible with existing standards, the combined company will need to develop new products to operate successfully with such standards. Any failure to develop new products in a timely manner could impair the revenues of the combined company.

The combined company will face intense competition and may not be able to compete effectively.

The industries in which we will compete are extremely competitive, with a large number of established and start-up companies providing alternative products. The fragmented nature of these industries and the absence of standard component solutions will continue to facilitate entry by additional competitors. Competitors may offer solutions that our customers find more compelling in price or functionality in particular segments of these industries. Among the combined company's competitors will be iChips Co., Ltd., Macronix International Co., Ltd., Mediatek Corp., Media Reality Technologies, Inc., Micronas Semiconductor Holding AG, Mstar Semiconductor, Inc., National Semiconductor Corp., Oplus Technologies Ltd., Realtek Semiconductor Corp., Silicon Image, Inc., Silicon Optix Inc., SmartASIC Technology, Inc., ST Microelectronics N.V., Topro Technology Inc., Trident Microsystems, Inc. and Trumpion Microelectronics Inc. The combined company will also compete against the semiconductor divisions or affiliates of some of its customers, including leading consumer electronics companies such as Matsushita Electric Industrial Co., Ltd., Mitsubishi Corporation, NEC Corporation, Sanyo Electric Co., Ltd, Sharp Corporation, Sony Corporation, Koninlijke Philips Electronics N.V., SAMSUNG Electronics, LG Electronics, Inc., and Toshiba Corporation, each of which designs and produces products competitive with our products, potentially creating a competitive disadvantage for the combined company. Competition from the companies discussed above and others will likely require the combined company to lower its prices to remain competitive, which could decrease its profit margins.

In addition, as the markets we serve expand, larger competitors with significant patent portfolios, multimedia expertise, and financial and operational resources to draw upon, such as ATI Technologies, Intel Corp., LSI Logic Corp., NVIDIA Corp. and Texas Instruments, Inc., may enter these markets. The combined company may not have adequate financial and operational resources available to compete effectively against these larger competitors.

The combined company may not be profitable.

The combined company may not be profitable because:

Pixelworks and Genesis Microchip's expenses are predominantly fixed in the short term and substantially all their present customers order on a purchase order basis rather than on long term purchase commitments;

the combined company expects that it will need to decrease the prices of its products to remain competitive; and

the combined company will take certain non-cash charges in connection with the merger that will negatively affect the combined company's profitability using accounting principles generally accepted in the United States.

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Any failure to reduce spending in response to any unanticipated declines in revenues would harm the business, financial condition and results of operations of the combined company.

The loss of a large customer of the combined company may reduce the combined company's revenues.

A substantial portion of Pixelworks and Genesis Microchip's sales are derived from a limited number of large customers. If the combined company loses business from one or more large customers, the combined company's revenues will be reduced, unless offset by additional sales to existing or new customers. Assuming the combined company had been in operation during the relevant period, for the nine months ended December 31, 2002, one customer of the combined company would have represented 19% of the combined company's total revenue.

Pixelworks and Genesis Microchip expect that a small number of customers will continue to account for a large amount of the combined company's revenues. All of Pixelworks and Genesis Microchip's sales are made on the basis of purchase orders rather than long-term agreements so that any customer could cease purchasing products at any time without penalty.

If the combined company is unable to design and manufacture semiconductors cost-effectively and within specifications its business could be harmed.

The combined company's products primarily consist of semiconductors, the design and manufacture of which is complex. In the past Pixelworks and Genesis Microchip have each encountered difficulties in designing and manufacturing their products. Failure to design and manufacture semiconductors cost-effectively and within specifications could harm our business by resulting in:

the inability to complete or sell products for which we have already incurred substantial manufacturing costs;

additional costs to redesign our products or to reimburse customers for the return of defective products;

damage to our reputation and customer relationships because of our inability to fulfill delivery obligations, or because of reliability, quality or compatibility problems;

diversion of technical resources to identify and resolve problems; or

product liability claims against us which may not be fully covered by insurance.

In addition, it is often difficult for semiconductor foundries to achieve acceptable product yields. Product yields depend on product design and the manufacturing process technology used in a particular semiconductor foundry. Since low yields or product deficiencies may result from either design flaws or manufacturing process difficulties, identification of yield problems may only occur when sufficient numbers are being produced to permit statistical analysis and test, and may occur after the shipment of product to customers.

The combined company's reliance on subcontract manufacturing, assembly and test operations may harm its business.

Neither Pixelworks nor Genesis Microchip own wafer fabrication, assembly or testing facilities, and each relies on others to provide these services. Reliance on others for these services could harm our business resulting in:

reduced control over manufacturing costs and delivery schedules of products;

reduced control over quality assurance and supply of products;

political, environmental or health risks in the countries where the manufacturing facilities are located;

lack of adequate capacity during periods of excess demand; and

unauthorized use of intellectual property.

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In addition, Genesis Microchip has a sole-source wafer manufacturing arrangement. A substantial portion of Pixelworks' wafers are procured from a different supplier. The combined company may not be able to retain the benefits under the arrangement Genesis Microchip has with its sole-source wafer manufacturer because the combined company will likely procure wafers from multiple suppliers. If the combined company is unable to retain the benefits under the sole-source arrangement, the cost of goods sold could significantly increase and profit margins could be impaired.

Pixelworks' and Genesis Microchip's third-party wafer manufacturers, assembly and test subcontractors and significant customers are located in areas susceptible to natural disasters and public health risks.

The combined company's customers and suppliers are concentrated in geographic areas that have experienced natural disasters such as floods and earthquakes. Natural disasters could directly or indirectly cause business interruptions in the combined company's customers or suppliers, which could harm the combined company's business. Pixelworks has experienced delays in obtaining products because of a flood near its wafer supplier in Germany. Genesis Microchip has experienced delays in obtaining products because of an earthquake in Taiwan.

Significant customers or suppliers of both companies are located in Asia, including China, Taiwan, Singapore, South Korea and Japan. Because of health concerns in countries in that region, including actions taken in response to severe acute respiratory syndrome, or SARS, and possible quarantines, the combined company's sales and product support activities may be impaired which could adversely affect the combined company's business. Customers located in China, Taiwan, South Korea and Japan were responsible for more than 80% of each of Pixelworks and Genesis Microchip's revenue for the nine months ended December 31, 2002.

Failure to accurately forecast product demand could harm the business of the combined company.

Pixelworks and Genesis Microchip each make sales on the basis of purchase orders rather than long-term purchase commitments, which requires each to make forecast and demand assumptions. If, as a combined company, we overestimate customer demand, we may produce more than we are able to sell, and if we underestimate customer demand, we will forego revenue opportunities, lose market share and damage customer relationships. Our customers may cancel or defer purchase orders for reasons outside of our control, such as supply constraints for other components incorporated into their products or errors in their forecast of demand for their products.

The combined company will be subject to risks associated with international operations, which may harm our business.

Pixelworks and Genesis Microchip have significant design, manufacturing and sales operations in Canada, China, India, Japan, South Korea and Taiwan. These foreign operations subject us to a number of risks associated with conducting business outside of the United States, including the following:

unexpected changes in, delays or costs of obtaining or complying with existing or new legislative or regulatory requirements, including export licenses, tariffs, quotas and other trade barriers and restrictions;

political, military or economic risks associated with our operations outside the United States;

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difficulties in maintaining sales representatives outside of the United States that are knowledgeable of the display applications industry, the video processing industry and our range of products;

potentially adverse tax consequences;

difficulties protecting intellectual property outside the United States;

transportation, travel and communication delays; and

risks associated with severe acute respiratory syndrome.

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In addition, sales of Pixelworks and Genesis Microchip's products have been denominated in United States dollars. An increase in the value of the United States dollar could increase the price of the combined company's products so that they become relatively more expensive to customers in the local currency of a particular country, potentially leading to a reduction in the combined company's revenues and profitability.

A breakdown in our information technology systems could cause a business interruption, impair our ability to manage our business or report results, or result in the unauthorized disclosure of our confidential and proprietary information.

Our information technology systems could suffer a sudden breakdown as a result of factors beyond our control, such as earthquakes, insecure connections or problems with our outside consultants who provide information technology services to us. If our information technology systems were to fail and we were not able to gain timely access to adequate alternative systems or back-up information, this could harm our ability to operate and manage our business and to report results in a timely manner. Also, any breach of our information systems by an unauthorized third party could result in our confidential information being made public or being used by a competitor, which could have a material adverse effect on our ability to realize the potential of our proprietary rights.

The effective tax rate of the combined company is uncertain, and may be higher than that experienced by the predecessor companies.

The impact of the merger on the overall effective tax rate of the combined company is uncertain, and may be higher than one or both predecessor companies experienced historically. Increases in tax rates would adversely affect financial results of the combined company, and therefore the company's business. The combination of the operations of Pixelworks and Genesis Microchip may result in an overall effective tax rate for the combined company that is higher than either predecessor's currently reported tax rate.

The combined company may be unable to adequately protect its intellectual property, which may harm our business.

Pixelworks and Genesis Microchip have each been issued patents and have a number of pending United States and foreign patent applications. However, we cannot assure you that any patent will be issued as a result of any applications or, if issued, that any claims allowed will be sufficiently broad to protect our technology. In addition, it is possible that existing or future patents may be challenged, invalidated or circumvented. It may be possible for a third party to copy or otherwise obtain and use the combined company's products, or technology without authorization, develop similar technology independently or design around the combined company's patents.

Our competitors may also be able to design around our patents. The laws of certain foreign countries in which our products are or may be developed, manufactured or sold, including various countries in Asia, may not protect products or intellectual property rights to the same extent as the laws of the United States. There can be no assurance that the steps taken to protect our intellectual property rights will be adequate to prevent misappropriation of our technology or that competitors will not independently develop technologies that are substantially equivalent or superior.

Intellectual property infringement suits brought against us may significantly harm our business.

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Genesis Microchip is a defendant in an intellectual property infringement suit, and the combined company may become a party to litigation in the future. Intellectual property litigation could force the combined company to do one or more of the following:

stop selling products or using technology that contain the allegedly infringing intellectual property;

obtain a license to the relevant intellectual property, which license may not be available on reasonable terms or at all; and

attempt to redesign those products that contain the allegedly infringing intellectual property.

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If the combined company is forced to take any of these actions, it may be unable to manufacture and sell some of its products, which could harm its business.

Genesis Microchip is currently defending claims brought against it by Silicon Image, Inc., which alleges that certain Genesis Microchip products that contain digital receivers infringe various Silicon Image patent claims. The case is pending before the United States District Court for the Eastern District of Virginia. Silicon Image, Inc. is seeking an injunction to halt the sale, manufacture and use of Genesis Microchip's DVI receiver chips and unspecified monetary damages. Trial was set for January 2003, but the trial was taken off the calendar of the court in December 2002 and has not been rescheduled. Since January 2003, the parties have filed case dispositive motions, which were heard by the court in March 2003. Genesis Microchip is currently awaiting the court's ruling on these motions, which ruling could result in dismissal of the case against Genesis Microchip on terms that may be favorable or unfavorable to Genesis Microchip, setting the case for trial and/or entry by the court of other orders which we cannot predict. Genesis Microchip believes it has meritorious defenses to this claim. However, this or any future lawsuits could subject the combined company to a permanent injunction preventing it from selling selected products or incurring significant monetary damages. Based on Genesis Microchip's revenue for the twelve months ended December 31, 2002, approximately 42% of Genesis Microchip's revenues could be impacted by this patent litigation. Also, this kind of lawsuit, regardless of its outcome, is likely to be time-consuming and expensive to resolve and would divert management time and attention.

The combined company may be subject to judgments for securities class action suits.

Genesis Microchip is a defendant in a securities class action suit. Genesis Microchip believes it has meritorious defenses to the claims in the securities class action suit as well as adequate insurance coverage to cover any likely unfavorable outcome. However, this or any future securities class action suit could subject the combined company to judgments in excess of its insurance coverage and could harm the combined company's business. In addition, this kind of lawsuit, regardless of its outcome, is likely to be time-consuming and expensive to resolve and may divert management time and resources.

General economic conditions may reduce the combined company's revenues and harm its business.

As the businesses of Pixelworks and Genesis Microchip have grown, the companies are increasingly subject to risks arising from adverse changes in domestic and global economic conditions. Because of the current worldwide economic slowdown, many industries are delaying or reducing technology purchases. As a result, if economic conditions worsen or if a wider or global economic slowdown occurs, reduced orders and shipments may cause the combined company to fall short of its revenue expectations for any given period and may result in the combined company carrying increased inventory. These conditions would negatively affect its business and results of operations. If the combined company's inventory builds up as a result of order postponement, it would carry excess inventory that is either unusable or that must be sold at clearance prices which will harm its revenues. In addition, weakness in the technology market could negatively affect the cash flow of customers who could, in turn, delay paying their obligations to the combined company. This would increase the combined company's credit risk exposure that could harm its financial condition.

The issuance of additional Pixelworks shares may reduce Pixelworks' stock price.

As of May 21, 2003, Genesis Microchip had approximately 31,276,061 common shares outstanding and outstanding options to purchase 7,600,263 shares of common stock, which will convert into 73,079,644 shares of Pixelworks common stock and options to purchase 17,758,775 shares of Pixelworks common stock. If the combined company's earnings per share are less than what the Pixelworks earnings per share would have been if it had not acquired Genesis Microchip, Pixelworks' stock price could decrease until the combined company achieves revenue growth or cost savings sufficient to offset the dilutive effect of the merger. There can be no

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assurance that the combined company will achieve revenue growth or cost savings or that you will achieve greater returns as a shareholder of the combined company than as a Pixelworks shareholder or Genesis Microchip stockholder before the merger.

The market price and trading volume of Pixelworks and Genesis Microchip's stock has fluctuated substantially and the combined company's stock price and volume are likely to continue to do so.

The stock market has experienced large price and volume fluctuations that have affected the market price of many companies and have often been unrelated to the operating performance of these companies. These factors, as well as general economic and political conditions, may adversely affect the market price and trading volume of the combined company's common stock in the future. The market price and trading volume of the combined company's common stock may fluctuate significantly in response to a number of factors, including:

actual or anticipated fluctuations in the combined company's operating results;

changes in expectations as to the combined company's future financial performance;

changes in financial estimates of securities analysts;

changes in market valuations of other companies;

announcements by the combined company or its competitors of significant technical innovations, design wins, contracts, standards or acquisitions;

the operating and stock price performance of other comparable companies; and

the number of shares of the combined company that are available for trading by the public and the trading volume of its shares.

Due to these factors, the price of the combined company's stock may decline and the value of your investment would be reduced. In addition, the stock market experiences volatility often unrelated to the performance of particular companies. These market fluctuations may cause the combined company's stock price to decline regardless of its performance.

Terrorist acts and acts of war may seriously harm the combined company's business, revenues, costs, expenses and financial condition.

Terrorist acts or acts of war, wherever located around the world, may cause damage or disruption to the combined company, its employees, facilities, partners, suppliers, distributors and resellers, and customers, which could significantly impact the combined company's business, revenues, costs, expenses and financial condition. The terrorist attacks that took place in the United States on September 11, 2001 were unprecedented events that have created many economic and political uncertainties, some of which may materially harm the combined company's business and results of operations. The long-term effects on the combined company of the September 11, 2001 attacks are unknown. The potential for future terrorist attacks, the national and international responses to terrorist attacks, hostilities in the Middle East, including Iraq, and

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other acts of war or hostility, especially in the Korean peninsula, have created economic and political uncertainties, which could adversely affect the business and results of operations of Pixelworks, Genesis Microchip or the combined company in ways that cannot be predicted. In addition, as companies with headquarters and significant operations located in the United States, any of Pixelworks, Genesis Microchip or the combined company may be impacted by actions against the United States. The combined company may not be insured for losses and interruptions caused by terrorist acts and acts of war.

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THE PIXELWORKS SPECIAL MEETING

Pixelworks is furnishing this joint proxy statement/prospectus to its shareholders in connection with the solicitation of proxies by the management of Pixelworks for use at the Pixelworks special meeting of shareholders in connection with the merger and at any adjournment or postponement of the Pixelworks special meeting.

Date, Time, and Place

Pixelworks will hold its special meeting on • , 2003, at 9:00 a.m., Pacific Time, at • , Portland, Oregon.

Purpose of the Special Meeting

At the Pixelworks special meeting, Pixelworks shareholders will be asked:

1. to consider and vote on a proposal to approve the issuance of shares of Pixelworks common stock, par value \$0.001 per share, pursuant to the merger agreement by and among Genesis Microchip Inc., Pixelworks and Display Acquisition Corporation, a newly formed, wholly-owned subsidiary of Pixelworks, pursuant to which Genesis Microchip will become a wholly-owned subsidiary of Pixelworks;
2. to consider and vote on a proposal to approve an amendment to Pixelworks articles of incorporation effective upon completion of the merger, changing the name of Pixelworks to Genesis Pixelworks, Inc.; and
3. to consider such other business as may properly come before the Pixelworks special meeting or any adjournment or postponement of the meeting.

Copies of the merger agreement and certain other merger related documents are attached to this joint proxy statement/prospectus as *Annexes A through E*. Pixelworks shareholders are encouraged to read these documents and the other information in this joint proxy statement/prospectus carefully before deciding how to vote.

Pixelworks Board of Directors Recommendation

The Pixelworks board of directors, after careful consideration, has unanimously determined that the merger, the merger agreement and the other transactions contemplated in the merger agreement are advisable, fair to, and in the best interests of Pixelworks and its shareholders. The Pixelworks board of directors unanimously recommends that you vote **FOR** the issuance of Pixelworks common stock in the merger and **FOR** the amendment to the articles of incorporation changing the company's name to Genesis Pixelworks, Inc.

Record Date; Shares Entitled to Vote

Only Pixelworks shareholders of record at the close of business on May 21, 2003, the date assumed for purposes of this document as the record date, will be entitled to notice of, and to attend in person, or appoint a proxy nominee to attend the Pixelworks special meeting and to vote at the Pixelworks special meeting. As of the Pixelworks record date, 44,363,471 shares of Pixelworks common stock were issued and outstanding. In addition, the trustee of the Pixelworks Special Voting Share is entitled to vote the equivalent of 948,204 Pixelworks common shares on behalf of the holders of exchangeable shares of Jaldi Semiconductor Corp. Shareholders of Pixelworks common stock as of the record date are entitled to one vote per share of Pixelworks common stock on the proposals.

Quorum

A quorum of Pixelworks shareholders is required to hold a valid special meeting. A quorum will be present at the Pixelworks special meeting if a majority of the shares of Pixelworks voting stock issued, outstanding and

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entitled to vote on the Pixelworks record date is represented at the special meeting in person or by proxy. Pixelworks voting stock consists of outstanding Pixelworks common stock and one Pixelworks special voting share. As of the record date the special voting share represented the power to vote 948,204 shares. The failure to return your proxy may contribute to a failure to obtain a quorum at the special meeting.

Vote Required