

PIXELWORKS, INC  
Form 8-K  
September 06, 2006

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 8-K  
CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): September 5, 2006  
PIXELWORKS, INC.**

(Exact name of registrant as specified in its charter)

**OREGON**

(State or other jurisdiction of  
incorporation)

**000-30269**

(Commission File Number)

**91-1761992**

(I.R.S. Employer  
Identification No.)

**8100 SW Nyberg Road  
Tualatin, Oregon 97062  
(503) 454-1750**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**PIXELWORKS, INC. AND SUBSIDIARIES**

**Item 1.01. ENTRY INTO MATERIAL DEFINITIVE AGREEMENT**

On September 5, 2006, upon recommendation from the Compensation Committee, the Board of Directors of Pixelworks, Inc. ( the Company ) amended the Company s 2006 Senior Management Bonus Plan ( the Bonus Plan ). The amendment applies to certain senior and middle management (the Participants ), but expressly does not apply to the Company s Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. Under the amended Bonus Plan, the Participants, other than the excluded officers, will have the opportunity to earn 16.7% of their target annual bonus based on the Company s achievement of stated second half 2006 goals for Non-GAAP Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). The bonus will be earned if the Company reaches non-GAAP EBITDA of \$1,000,000 for the second half of 2006. The amendment offsets a reduction in the weighting of the pre-existing Non-GAAP income (loss) before income taxes goal in the Bonus Plan from 33.3% to 16.6%. No other provisions of the Bonus Plan were modified.

A copy of the Bonus Plan, as amended is filed as Exhibit 10.1 to this report and is incorporated herein by reference.

**Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS**

(c) Exhibits.

10.1 Pixelworks, Inc. 2006 Senior Management Bonus Plan, as amended. +

+ Indicates a management contract or compensation arrangement.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**PIXELWORKS, INC.**

(Registrant)

By /s/ Michael D. Yonker

Michael D. Yonker

*Vice President, Chief Financial Officer,*

*Treasurer*

*and Secretary*

Date: September 6, 2006