PIXELWORKS, INC
Form SC 13D/A
February 10, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 13D
(Amendment No. 3)1

Under the Securities Exchange Act of 1934

PIXELWORKS, INC.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

72581M305

(CUSIP Number)

Becker Drapkin Management, L.P.
Attn: Steven R. Becker
Attn: Matthew A. Drapkin
300 Crescent Court
Suite 1111
Dallas, Texas 75201
(214) 756-6016

With a copy to:

Richard J. Birns, Esq.
Boies, Schiller & Flexner LLP
575 Lexington Avenue, 7th Floor
New York, NY 10022
(212) 446-2300

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

February 8, 2012

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box: o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1 This filing constitutes the original filing for Bradley Shisler, and Amendment No. 3 for all other entities making this filing. The previous filings by the other entities are incorporated herein by reference, except as superseded by this filing.

SCHEDULE 13D

CUSIP No. 72581M305

1	NAME OF REPORTING PERSON / I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Becker Drapkin Management, L.P.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) þ (b) ¨		
3	SEC USE ONLY		
4	SOURCE OF FUNDS (See Instructions) OO		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION Texas		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7	SOLE VOTING POWER 0
		8	SHARED VOTING POWER 2,686,185
		9	SOLE DISPOSITIVE POWER 0
		10	SHARED DISPOSITIVE POWER 2,686,185
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,686,185		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 14.9%		
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IA, PN		

CUSIP No. 72581M305

1	NAME OF REPORTING PERSON / I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Becker Drapkin Partners (QP), L.P.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) þ (b) ¨		
3	SEC USE ONLY		
4	SOURCE OF FUNDS (See Instructions) WC		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION Texas		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7	SOLE VOTING POWER 1,616,216
		8	SHARED VOTING POWER 0
		9	SOLE DISPOSITIVE POWER 1,616,216
		10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,616,216		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.0%		
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) PN		

CUSIP No. 72581M305

1	NAME OF REPORTING PERSON / I.R.S. IDENTIFICATION NO. OF ABOVE PERSON. Becker Drapkin Partners, L.P.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) þ (b) ¨		
3	SEC USE ONLY		
4	SOURCE OF FUNDS (See Instructions) WC		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION Texas		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7	SOLE VOTING POWER 240,269
		8	SHARED VOTING POWER 0
		9	SOLE DISPOSITIVE POWER 240,269
		10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 240,269		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 1.3%		
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) PN		

CUSIP No. 781182100

1 NAME OF REPORTING PERSON / I.R.S. IDENTIFICATION NO. OF ABOVE PERSON.

BD Partners IV, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) þ (b) ¨

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Texas

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 829,700
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 829,700
	10	SHARED DISPOSITIVE POWER 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

829,700

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

4.6%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

CUSIP No. 72581M305

1	NAME OF REPORTING PERSON / I.R.S. IDENTIFICATION NO. OF ABOVE PERSON BC Advisors, LLC		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) þ (b) ¨		
3	SEC USE ONLY		
4	SOURCE OF FUNDS (See Instructions) OO		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION Texas		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7	SOLE VOTING POWER 0
		8	SHARED VOTING POWER 2,686,185
		9	SOLE DISPOSITIVE POWER 0
		10	SHARED DISPOSITIVE POWER 2,686,185
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,686,185		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 14.9%		
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IA, OO		

CUSIP No. 72581M305

1	NAME OF REPORTING PERSON / I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Steven R. Becker		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) þ (b) ¨		
3	SEC USE ONLY		
4	SOURCE OF FUNDS (See Instructions) OO		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7	SOLE VOTING POWER 0
		8	SHARED VOTING POWER 2,686,185
		9	SOLE DISPOSITIVE POWER 0
		10	SHARED DISPOSITIVE POWER 2,686,185
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,686,185		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 14.9%		
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN		

CUSIP No. 72581M305

1	NAME OF REPORTING PERSON / I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Matthew A. Drapkin		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) þ (b) ¨		
3	SEC USE ONLY		
4	SOURCE OF FUNDS (See Instructions) OO		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7	SOLE VOTING POWER 0
		8	SHARED VOTING POWER 2,686,185
		9	SOLE DISPOSITIVE POWER 0
		10	SHARED DISPOSITIVE POWER 2,686,185
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,686,185		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 14.9%		
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN		

CUSIP No. 72581M305

1	NAME OF REPORTING PERSON / I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Bradley Shisler		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) þ (b) ¨		
3	SEC USE ONLY		
4	SOURCE OF FUNDS (See Instructions) OO		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		7	SOLE VOTING POWER 0
		8	SHARED VOTING POWER 0
		9	SOLE DISPOSITIVE POWER 0
		10	SHARED DISPOSITIVE POWER 0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 0		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.0%		
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN		

This Amendment No. 3 to Schedule 13D amends and supplements the Schedule 13D filed with the Securities and Exchange Commission (the "SEC") on December 14, 2011, Amendment No. 1 thereto, filed with the SEC on December 29, 2011, and Amendment No. 2 thereto, filed with the SEC on January 9, 2012, with respect to the Common Stock, $0.001 par value (the "Common Stock"), of Pixelworks, Inc., an Oregon corporation (the "Issuer").

Item 2. Identity and Background

Item 2 is hereby amended and restated as follows:

(a) This Statement is filed jointly on behalf of the following persons (collectively, the "Reporting Persons"): Becker Drapkin Management, L.P., a Texas limited partnership ("BD Management"); Becker Drapkin Partners (QP), L.P., a Texas limited partnership ("Becker Drapkin QP"); Becker Drapkin Partners, L.P., a Texas limited partnership ("Becker Drapkin, L.P."); BD Partners IV, L.P., a Texas limited partnership ("BD Partners IV"); BC Advisors, LLC, a Texas limited liability company ("BCA"); Steven R. Becker ("Mr. Becker"); Matthew A. Drapkin ("Mr. Drapkin") and Bradley Shisler ("Mr. Shisler"). The Reporting Persons are filing this Statement jointly, and the agreement among the Reporting Persons to file jointly is attached hereto as Exhibit 2 and incorporated herein by reference (the "Joint Filing Agreement").

Becker Drapkin QP, Becker Drapkin, L.P. and BD Partners IV are collectively referred to herein as the "Becker Drapkin Funds".

BD Management, Becker Drapkin QP, Becker Drapkin, L.P., BD Partners IV, BCA, Mr. Becker and Mr. Drapkin are collectively referred to herein as the "BD Parties".

Mr. Becker and Mr. Drapkin are the sole members of BCA, and BCA is the general partner of BD Management. Mr. Becker and Mr. Drapkin are also limited partners of BD Management. BD Management is the general partner of, and investment manager for, the Becker Drapkin Funds.

BD Parties

(b) The business address of the BD Parties is 300 Crescent Court, Suite 1111, Dallas, Texas 75201.

(c) The present principal occupation of each of Mr. Becker and Mr. Drapkin is serving as the co-managing member of BCA. The principal business of BCA is serving as the general partner of BD Management. The principal business of BD Management is serving as the general partner of, and investment manager for, the Becker Drapkin Funds. The principal business of each of the Becker Drapkin Funds is acquiring and holding securities for investment purposes.

(d) None of the BD Parties have, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the BD Parties have, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such BD Party was or is subject to a judgment, decree or final order enjoining

future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Becker and Mr. Drapkin are citizens of the United States of America. The place of organization of all other BD Parties is listed in paragraph (a) of this Item 2.

Mr. Shisler

(b) The business address of Mr. Shisler is 2100 McKinney Avenue, Suite 1770, Dallas, Texas 75201.

(c) The present principal occupation of Mr. Shisler is serving as an employee of CPMG, Inc. ("CPMG"). CPMG is an investment management company which acquires and holds securities for investment purposes.

(d) Mr. Shisler has not, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) Mr. Shisler has not, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Shisler is a citizen of the United States of America.

Item 4. Purpose of Transaction

Item 4 is amended and supplemented to add the following information for updating as of the date hereof:

On February 8, 2012, the Issuer entered into an agreement (the "Standstill Agreement") with the Reporting Persons that will result in Mr. Becker and Mr. Shisler becoming members of the Board.

The following is a brief description of certain terms of the Standstill Agreement, which description is qualified in its entirety by reference to the full text of the Standstill Agreement which is attached as Exhibit 1 hereto and incorporated by reference herein.

Under the terms of the Standstill Agreement, (a) BD Management and the Becker Drapkin Funds have agreed to withdraw the letter delivered by them to the Secretary of the Issuer dated January 6, 2012; (b) the Issuer has agreed on or before February 10, 2012 (i) to increase the size of the Board from six to a total of eight directors, (ii) to appoint Mr. Becker and Mr. Shisler as directors of the Board in Class II, (iii) to appoint Mr. Becker to the Compensation Committee of the Board, and (iv) to appoint Mr. Shisler to the Corporate Governance and Nominating Committee of the Board; (c) the Issuer has agreed to nominate Mr. Becker and Mr. Shisler for reelection to the Board as directors in Class II at the Issuer's 2012 annual meeting of shareholders; (d) the Reporting Persons have agreed, at all shareholder meetings during the Standstill Period (as defined below), to cause all shares of Common Stock beneficially owned by the Reporting Persons to be present for quorum purposes and to be voted in favor of all directors nominated by the

Board for election and against any sale transaction not approved by a majority of the Board; and (e) the Reporting Persons have agreed to abide by certain standstill provisions until the later of (i) 30 days after neither Mr. Becker nor Mr. Shisler serves as a member of the Board and (ii) the second anniversary of the Standstill Agreement (or such earlier date upon the occurrence of certain events, as described in the Standstill Agreement) (the "Standstill Period").

Under the terms of the Standstill Agreement, the Reporting Persons have also agreed that (a) Mr. Becker and Mr. Shisler each irrevocably tenders his resignation as director effective as of the date that the beneficial ownership of the Reporting Persons in the Common Stock of the Issuer, in the aggregate, falls below 5% of the outstanding Common Stock of the Issuer and (b) Mr. Becker and Mr. Shisler each irrevocably tenders his resignation as director effective as of the date, if any, that the Reporting Persons breach in any material respect any of their representations, warranties, commitments or obligations set forth in Section 3A, 3B, 6(b), 7, 8, 9, 10, 11 and 16 of the Standstill Agreement (subject to certain cure periods, as described in the Standstill Agreement) and, in each case, the Board may accept either or both such resignations, in its sole discretion, by a majority vote (excluding Mr. Becker and Mr. Shisler).

Under the terms of the Standstill Agreement, the Issuer has also agreed that if either of Mr. Becker or Mr. Shisler is unable or unwilling to serve as a director for any reason, then the Issuer and the BD Parties shall agree on a replacement for such director(s).

On February 9, 2012, the Board appointed Mr. Becker and Mr. Shisler as directors of the Board in Class II, appointed Mr. Becker to the Compensation Committee of the Board, and appointed Mr. Shisler to the Corporate Governance and Nominating Committee of the Board, in each case effective as of February 9, 2012.

Item 5. Interest in Securities of the Issuer

Subparagraphs (a) through (c) of Item 5 are amended and supplemented to add the following information for updating as of the date hereof:

(a), (b) Mr. Shisler owns no shares of Common Stock.

On February 8, 2012, the Standstill Agreement was entered into by the Reporting Persons. As a result of the Standstill Agreement, the BD Parties and Mr. Shisler may be deemed to be a "group" pursuant to Rule 13d–5(b)(1) promulgated under the Securities Exchange Act of 1934. The BD Parties each disclaim beneficial ownership of any shares of Common Stock owned by Mr. Shisler, and Mr. Shisler disclaims beneficial ownership of any shares of Common Stock owned by any other Reporting Person.

(c) There have been no transactions by the Reporting Persons in shares of Common Stock since the last amendment of this Schedule 13D.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 is amended and supplemented to add the following information for updating as of the date hereof:

On February 8, 2012, the Issuer and the Reporting Persons entered into the Standstill Agreement, the terms of which are described in Item 4 of this Schedule 13D.

On February 10, 2012, the Reporting Persons entered into the Joint Filing Agreement pursuant to which they agreed to the joint filing on behalf of each of them of statements on Schedule 13D with respect to the securities of the Issuer. Such Joint Filing Agreement is attached hereto as Exhibit 2 and incorporated by reference herein.

Except for the matters described herein, no Reporting Person has any contract, arrangement, understanding or relationship with any person with respect to any securities of the Issuer.

Item 7. Material to Be Filed as Exhibits

Exhibit 1 Agreement, dated February 8, 2012, by and among Pixelworks, Inc.; Steven R. Becker; Matthew A. Drapkin; BC Advisors, LLC; Becker Drapkin Management, L.P.; Becker Drapkin Partners (QP), L.P.; Becker Drapkin Partners, L.P.; BD Partners IV, L.P. and Bradley Shisler.

Exhibit 2 Joint Filing Agreement, dated February 10, 2012, by and among Becker Drapkin Management, L.P.; Becker Drapkin Partners (QP), L.P.; Becker Drapkin Partners, L.P.; BD Partners IV, L.P.; BC Advisors, LLC; Steven R. Becker; Matthew A. Drapkin and Bradley Shisler

SIGNATURES

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned, severally and not jointly, certifies that the information set forth in this statement is true, complete and correct.

Dated: February 10, 2012

BECKER DRAPKIN MANAGEMENT, L.P.

By: BC Advisors, LLC, its general partner

By: /s/ Michael S. Grisolia
Name: Michael S. Grisolia
Title: Attorney-in-Fact

BECKER DRAPKIN PARTNERS (QP), L.P.

By: Becker Drapkin Management, L.P., its general partner

By: BC Advisors, LLC, its general partner

By: /s/ Michael S. Grisolia
Name: Michael S. Grisolia
Title: Attorney-in-Fact

BECKER DRAPKIN PARTNERS, L.P.

By: Becker Drapkin Management, L.P., its general partner

By: BC Advisors, LLC, its general partner

By: /s/ Michael S. Grisolia
Name: Michael S. Grisolia
Title: Attorney-in-Fact

BD PARTNERS IV, L.P.

By: Becker Drapkin Management, L.P., its general partner

By: BC Advisors, LLC, its general partner

By: /s/ Michael S. Grisolia
Name: Michael S. Grisolia
Title: Attorney-in-Fact

BC ADVISORS, LLC

By: /s/ Michael S. Grisolia
Name: Michael S. Grisolia

Title: Attorney-in-Fact

STEVEN R. BECKER

By: /s/ Michael S. Grisolia
Name: Michael S. Grisolia
Title: Attorney-in-Fact

MATTHEW A. DRAPKIN

By: /s/ Michael S. Grisolia
Name: Michael S. Grisolia
Title: Attorney-in-Fact

BRADLEY SHISLER

/s/ Bradley Shisler