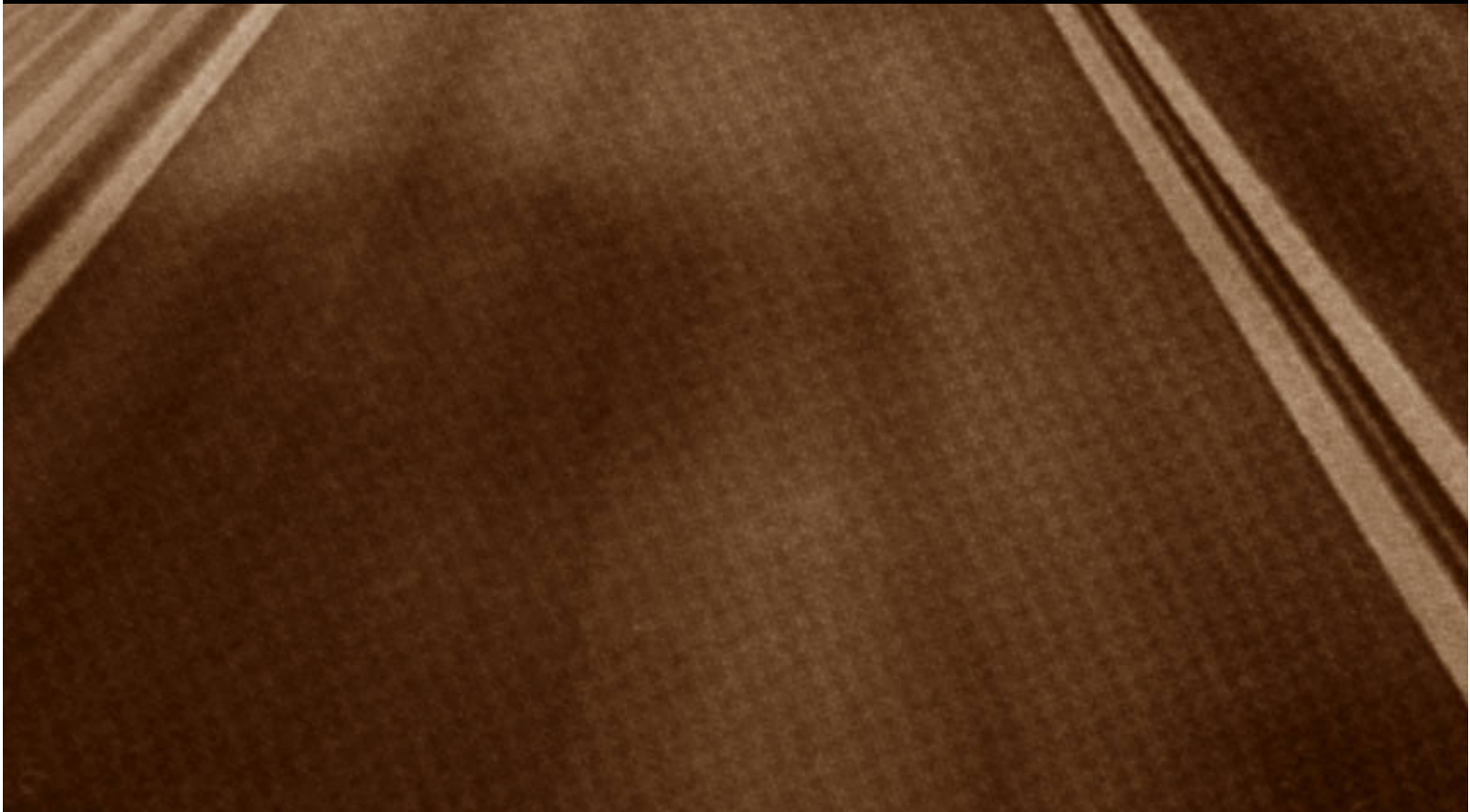




C Y R I X 1 9 9 6 A N N U A L R E P O R T



FINANCIAL SUMMARY
Cyrix Corporation

(Dollars in thousands, except share data)	Year ended December 31	
	1996	1995
Net revenue	\$183,825	\$228,012
Operating income (loss)	(33,101)	17,735
Net interest expense	(7,398)	(3,959)
Net income (loss)	(25,862)	15,612
Net income (loss) per common share	(1.33)	.78
Weighted average common shares outstanding	19,408	19,985

	December 31	
	1996	1995
Cash, cash equivalents and investments	\$ 87,747	\$ 44,334
Total receivables, net	27,791	44,727
Inventories	24,432	12,273
Total debt	139,231	82,378
Stockholders' equity	122,926	145,993
Total assets	299,342	268,785
Employees (actual)	391	389

1996 REVENUES BY GEOGRAPHY

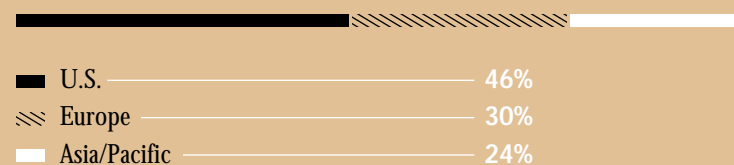


TABLE OF CONTENTS

Letter to Stockholders	2
Traveling the Road Ahead	6
Financials—Form 10-K	9
Officers and Directors	44
Investor Information	inside back cover

Front cover: With the potential of our innovative new products, Cyrix is ready to take advantage of opportunities on the road ahead.

Cyrix Corporation is a leading supplier of high-performance processors to the personal computer industry. The Company designs, manufactures and markets innovative, Windows®-compatible processors for the desktop computer market. ★ Since its founding in 1988, Cyrix has developed nine original processor architectures that are in



millions of computers around the world. Our expertise in creating award-winning processor designs positions us as a leading provider of innovative PC technologies and platforms. We are confident in our ability to deliver solutions that will help our customers take advantage of new opportunities in the PC marketplace.

LETTER TO
STOCKHOLDERS

Cyrix Corporation experienced a challenging financial year in 1996. Total revenues were \$184 million, down from 1995 revenues of \$228 million. The Company posted a net loss for the year of \$26 million, or \$1.33 per share. Clearly, 1996 was not a good year in financial terms.

What happened? We entered the year expecting to transition quickly from the old 486 product line to the 6x86™ processor, an outstanding product that outperforms comparable CPUs on Windows® applications. The 6x86 processor was recognized with numerous awards for its exceptional processing performance, but this product line did not gain broad market acceptance until late in the year. Much of 1996 was spent working closely with motherboard companies and chip set suppliers to achieve compatibility and optimal performance of our products within the existing industry infrastructure. In the second half of the year, we re-evaluated our business practices and our pricing model, and we took actions to clear accumulated inventory and gain market share. These actions, plus favorable industry trends in the fourth quarter, created significant demand for the 6x86 processor, pushing fourth-quarter revenues to \$72 million.

Despite the year's financial results, Cyrix realized a number of accomplishments worthy of notice:

- The 6x86 processor, the broadest alternative to Intel's Pentium® processor, won a number of important awards for technical achievement.

Fourth-quarter results indicate the 6x86 processor has become a credible and widely accepted product in the industry.

- We learned much about the platform environment in which our products must perform, and we slowly established a broad infrastructure base for our products. This learning experience has provided us with a strong foundation that will help us achieve smooth introductions of successor products.

- Despite our financial difficulties, we continued to invest heavily in research and development to help keep 1997 programs on schedule and avoid delays in our long-range initiatives.

- Finally, we significantly improved the balance sheet for the year despite the weak bottom-line results. Year-to-year, cash nearly doubled to \$87 million, days-of-sale dropped to 35 from 104 days, and our current ratio improved to 5.1 from 2.1. Additionally, we increased inventory turns to 9.3 in 1996 versus 7.7 in 1995.

In addition to business and product changes, 1996 was a year of leadership changes for Cyrix as well. Gary Stimac, former senior vice president and general manager of the Systems Division of Compaq Computer Corporation, joined the board of directors in September. Jack Kemp resigned from the board in the same month to pursue his candidacy for vice president of the United States, and board member Melvin Sharp did not stand for re-election in April 1996.

On December 9, 1996, Jerry Rogers stepped down as Cyrix's president and chief executive officer. After co-founding the Company in 1988, Jerry guided Cyrix from its math coprocessor beginnings to its current position as

(continued on page 4)



Introduced in 1995 as the industry's first sixth-generation microprocessor,
Cyril's award-winning 6x86 processor surpasses competing CPUs in performance on
Windows applications.

a leading manufacturer of high-performance, Windows-compatible processors. His leadership was instrumental in the Company's improved fourth-quarter results, and he will continue to provide strategic vision for the Company through his ongoing role as a member of the board.

In the interim, while a search is underway to find a new chief executive officer, an "Office of the President" has been established to be chaired by Jay Swent, senior vice president of finance and administration. In addition, Kevin McDonough, senior vice president of engineering, Nancy Dechaud, vice president of manufacturing, and members of the board of directors will serve in the office.

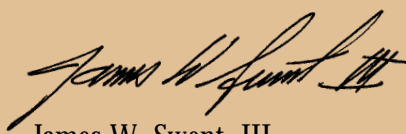
1996 is behind us, and we have a clear road map for 1997. The award-winning 6x86 processor will continue to be a mainstream product for much of 1997. Our goal is to optimize the profitability of this product and manage the transition to a successor product, code-named M2. This new product will feature significant architectural enhancements and is expected to support and be fully compatible with industry-standard multimedia extension (MMX) technology.

In a new direction, Cyrix has developed the MediaGX™ processor. This unique processor design breaks with traditional PC technology by integrating audio, video and certain system functions within the processor unit. With the MediaGX processor, Cyrix is providing technology to our customers that will help them market fully featured PCs that address the sub-\$1,000 price point. The MediaGX

processor reinforces the position of Cyrix as a provider of innovative technology and platforms.

Throughout its history, Cyrix has excelled in engineering expertise. Certain of our processors have received the highest scores on third-party benchmark tests and have repeatedly been honored with industry awards. Looking ahead, it is clear our customers want more than performance. They want total system solutions that provide a competitive advantage and a compelling long-term value proposition. In addition, they demand excellence in every aspect of the customer/supplier relationship. In response, we have developed processor technology with a system-level focus to deliver the solutions our customers want. In 1997, we will build on this strength, and we will also augment our non-engineering organizational capabilities to ensure we have the full skill-set required to meet our customers' total needs.

Cyrix is ready to take advantage of new opportunities in the marketplace. Can we do better than we did in 1996? We're committed to it. Are we on the right track? Absolutely. Cyrix is ready to travel the road ahead.



James W. Swent, III

Office of the President



Harvey B. Cash

Chairman of the Board



Cyrix's newest processor, code-named M2, debuts in 1997. Featuring industry-standard compatible multimedia extension (MMX) technology, the M2 will deliver enhanced performance on Windows applications and provide users an enriched multimedia and 32-bit processing environment.

TRAVELING
THE ROAD AHEAD

Since its founding in 1988, Cyrix has provided the personal computer industry with one innovative product after another. Our processors are setting performance standards, and independent tests have shown that Cyrix processors outperform the competition. Our newest products continue the Cyrix engineering legacy and should create new market segments within the evolving computer industry.

The award-winning Cyrix 6x86™ processor has achieved significant market acceptance. A number of OEMs are now using the 6x86 processor in their PCs. Computers built around 6x86 processors are widely available through the reseller channel and in retail outlets worldwide. As a result, sales of the 6x86 processor are expected to continue contributing a significant percentage of the Company's revenues in 1997, particularly in its PR166+ and PR200+ versions.

Beyond the 6x86 processor, Cyrix is poised to make significant contributions to the computer industry with new products designed to respond to changing consumer needs and demands.

According to a recent Dataquest analysis, ongoing consumer research in the U.S. market shows increased interest in PC ownership. The challenge for vendors is to translate this interest into sales. At Cyrix, we believe we have developed the right product at the right time, and at the right price, to excite the consumer PC marketplace — the MediaGX™ processor.

The MediaGX processor will help computer manufacturers offer full-featured PCs for less than \$1,000.

First-time buyers who have been hesitant to spend \$2,000 or more on a home computer should find that MediaGX processor technology will help make PC ownership much more affordable. As a closed-box, easy-to-use system in a consumer-friendly package, MediaGX-based PCs should spark new user adoption of computers in the home. Additionally, consumers who already have computers in their homes should find that a PC using the MediaGX processor can be a cost-effective choice for a second or third computer.

The ability to offer mainstream multimedia and system features at previously unattainable prices is the result of Cyrix's highly-integrated processor technology. Previously, the price points of computers have been lowered by removing features or capabilities, or by using outdated technology. In contrast, the MediaGX architecture integrates audio, graphics, memory control and PCI interface functions within the processor unit to deliver the compatibility, performance and multimedia features expected in more expensive PCs — for less. We believe Cyrix was the first to market this ground-breaking technology, which also will have applications beyond the consumer market — for example, in low-cost network PCs for corporate clients. Using Cyrix's MediaGX technology, PC manufacturers could offer corporate clients

(continued on page 8)



With the introduction of the MediaGX processor, Cyrix technology has opened up a new road for our customers by enabling them to manufacture full-featured, low-cost PCs for the home. Cyrix not only designed the processor to power this appliance-like PC, we designed an entire reference system, enabling our customers to introduce new products more rapidly into the marketplace.

feature-rich, cost-effective PCs that improve network manageability and lower the total cost of ownership.

With the MediaGX processor, Cyrix is creating new market opportunities. We are offering PC manufacturers a complete system-level reference design for a MediaGX-based PC system. Our system approach is designed to enable our customers to introduce new technology into the marketplace rapidly. It also demonstrates to OEMs that Cyrix is a technology provider at both the processor and the system levels.

In the second quarter of 1997, Cyrix plans to introduce our next high-performance processor, code-named M2. Featuring Cyrix's fully compatible multimedia extension (MMX) technology, the M2 includes significant architectural enhancements to the 6x86 processor design. It is expected to provide dramatically improved processor performance and new capabilities for multimedia and communications applications.

The demand for sophisticated, graphics-intensive PC applications has driven the need for the lightning-fast rendering of 3-D visual images. In a recent industry trends report, Dataquest noted that 3-D graphics has now joined the processor as one of the more fascinating components of the PC. The M2 processor should offer the advanced performance and enriched graphics that consumers want with features such as multimedia extension (MMX) technology, an internal cache quadrupled to

64-KByte, enhanced memory management and other architectural and performance innovations. This advanced technology is expected to enable the M2 to process audio, video and 3-D graphics at greater speeds than ever before — and deliver up to twice the performance of the 6x86 processor on 32-bit applications. The M2 should also support new communications technologies important in the business environment such as video conferencing and voice recognition software.

As the M2 becomes Cyrix's core processor offering, it should provide the Company with a competitive market advantage at the mid-range computer price level. While few software applications currently take advantage of the latest multimedia technology, consumers should have a wide range of titles available when the M2 reaches anticipated volume production in the second half of 1997.

At Cyrix, we recognize the complexity of the computer industry, and we're prepared to provide the technology, support and leadership that can give our customers an advantage in the marketplace. Our product development plans for 1997 and beyond are expected to supply PC manufacturers with new technologies to satisfy ever-evolving consumer needs. As our new product directions clearly demonstrate, Cyrix is prepared to meet the challenges that are on the road ahead.