

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: January 19, 1995

INTEL CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)

0-6217  
(Commission File Number)

94-1672743  
(IRS Employer  
Identification No.)

2200 Mission College Blvd., Santa Clara, CA 95052  
(Address of principal executive offices)

408/765-8080  
(Registrant's telephone number)

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ITEM 5. OTHER EVENTS.

- 
- 5.1 Attached hereto as Exhibit 99.1 and incorporated by reference herein is a press release of Intel Corporation relating to the settlement of all outstanding legal disputes between Intel Corporation and Advanced Micro Devices, Inc.
- 5.2 Attached hereto as Exhibit 99.2 and incorporated by reference herein is a press release of Intel Corporation relating to earnings for the year ended December 31, 1994.

ITEM 7. Financial Statements, Pro Forma Financial Information  
and Exhibits.

- 
- Exhibit 99.1 Press Release of Intel Corporation dated January 11, 1995
- Exhibit 99.2 Press Release of Intel Corporation dated January 17, 1995

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SIGNATURES

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 hereunto duly authorized.

INTEL CORPORATION

BY: /s/ F. Thomas Dunlap, Jr.  
-----

F. Thomas Dunlap, Jr.  
Vice President,  
General Counsel and Secretary

January 19, 1995  
-----

CONTACTS: Howard High  
Press Relations  
(408) 765-1488

Scott Nirenberski  
Investor Relations  
(408) 765-8418

INTEL 1994 REVENUE, EARNINGS PER SHARE SET RECORDS

Q4 Results impacted by a \$475 million charge

SANTA CLARA, Calif., January 17, 1995 -- Driven by a robust personal computer market, Intel Corporation's 1994 revenue and earnings per share set new records, the company announced today.

Revenue totaled \$11.52 billion, up 31% from \$8.78 billion for 1993. As a result of a one-time pretax charge of \$475 million, net income decreased slightly to \$2.29 billion, from \$2.30 billion for the previous year. After the charge, which amounted to \$0.70 per share, earnings per share increased to \$5.24 from \$5.20 per share for 1993.

Fourth quarter revenue of \$3.23 billion, up 35% from \$2.39 billion a year ago, marked the first quarter in which Intel's revenue exceeded \$3 billion. Net income totaled \$372 million, down 37% from \$594 million for the fourth quarter of 1993. Post-charge earnings per share were \$0.86, versus \$1.35 a year earlier.

The fourth quarter results announced today compare with third quarter revenue of \$2.86 billion, and net income of \$659 million or \$1.52 per share. Third quarter pretax income benefited from \$45 million of non-recurring items or approximately \$0.07 earnings per share.

Fourth quarter 1994 revenue and cost of sales were impacted by a one-time charge taken to cover replacement and other costs associated with a divide problem in the floating point unit of the company's Pentium(tm) processor. As a result, fourth quarter gross margin was reduced by \$475 million. This charge resulted in a \$0.70 per share impact to fourth quarter and 1994 earnings per share.

Based on Intel's analysis, the problem can result in reduced precision in floating point divide operations once in every nine billion random number pairs. In December, the company offered to replace the processor for any PC owner whose system is based on this version of the Pentium processor.

The charge covers replacement costs, replacement material and writedown of the company's inventory of the earlier versions of Pentium processors. The company said it believed the charge announced today will be sufficient to cover all associated costs.

In 1994, Intel repurchased a total of 10.9 million shares of common stock at a cost of \$658 million under its stock repurchase program.

President and Chief Executive Officer Andrew S. Grove, said, "Demand was very strong for both Pentium and Intel486(tm) processors during the holiday season. Unit shipments of the Pentium processor approximately doubled versus the previous quarter and we expect continued strong growth in the first quarter of 1995.

"We have done a very rapid manufacturing cutover to the updated version of the Pentium processor, and currently all Pentium processor shipments are of the updated version. We were able to make this very rapid transition because Intel's manufacturing operation performed so well. The usual holiday shutdowns were canceled and the group pulled out all the stops to ramp production of the updated version.

"The replacement program is complex. We serve hundreds of manufacturers of Pentium processor-based systems worldwide. They use a variety of heat sinks, sockets and motherboards, and we offer five speed selections of Pentium processors in various packages. Almost overnight, we created an infrastructure to serve thousands of callers daily, and to get the right replacement processor in their machines as quickly as possible. Our people are working hard to make this happen.

"The Pentium processor divide problem has been a learning experience for Intel. In the end, I think it will strengthen the company by improving our policies and infrastructure for serving consumers with a wide range of computing needs," Dr. Grove said.

BUSINESS UPDATE

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Processor Products  
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\* Unit volume of microprocessor shipments set a new quarterly record.

- \* In spite of very strong Intel486 bookings in the fourth quarter, the dollar volume of fourth quarter Pentium processor bookings was larger than bookings of the Intel486 chip for the first time.
- \* The company said approximately 23% of its fourth quarter processor unit shipments for the desktop computer market segment were represented by the Pentium processor.
- \* The 100-MHz Pentium processor moved into volume production during the quarter.
- \* Intel achieved its goal of doubling microprocessor performance at major PC price points in 1994. For example, during the December 1993 holiday season the consumer was able to purchase a PC based on the Intel486 DX2-50MHz processor with 4 megabytes of RAM, a 200 megabyte hard disk drive and monitor for about \$2,000. In the December 1994 holiday season that same \$2,000 would enable the consumer to purchase a PC based on the 60-MHz Pentium processor with 8 megabytes of RAM, a 400+ megabyte hard disk drive and monitor.
- \* Quarterly unit volume of PC board shipments set a new Intel record. The company expects quarterly unit volume of PC board shipments to continue to increase in 1995.
- \* At the 1994 Comdex Computer show, NEC Corporation, Texas Instruments Incorporated, and Toshiba Corp. demonstrated new PC notebook products based on the 75-MHz Pentium processor. To date, 28 companies have announced plans to produce mobile PCs based on the Pentium processor.
- \* Intel's Scalable Systems Division set a new world supercomputing record. The Paragon(tm) XP/S MP supercomputer at Oak Ridge National Laboratory, employing 6,768 Intel I860(R) XP processors, performed in excess of 281 billion instructions per second on certain applications. This represents a performance increase of over 50% from the prior speed record.

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by geographic area			
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#### FINANCIAL REVIEW

##### Income Statement

Q4 1994 net revenue was up 13% from Q3 1994, driven by higher revenue from Pentium processors, and board-level products. Fourth quarter revenue was reduced slightly by the revenue portion of the charge for Pentium processors with the floating point divide problem.

Cost of sales in Q4 1994 increased 59% from Q3 1994, driven by a one-time charge to cover costs related to inventory writedown and replacement of Pentium processors containing the floating point divide problem, and higher volumes of board-level products. Primarily as a result of these items, gross margin percentage decreased 18 percentage points and gross margin dollars decreased by \$385 million from Q3 1994.

Q4 1994 total expenses increased 11% from Q3 1994. Marketing, general and administrative expenses increased \$64 million primarily as a result of expenditures for the Pentium processor merchandising campaign.

Interest and other income was \$67 million. The company expects interest and other income to be in the \$65 million range for Q1 1995, subject to prevailing interest rates and excluding the litigation settlement with Advanced Micro Devices, Inc. The tax rate throughout 1994 was 36.5%. For 1995, the company expects its tax rate to be 37.0%.

Shares and equivalents used in the calculation of earnings per share decreased primarily as a result of the stock repurchase program. Shares and equivalents are summarized below:  
(millions of shares)

	Q3 94	Q4 94	1993 Year	1994 Year
Average Outstanding	413	413	418	415
Equivalents	21	20	23	22
Total	434	433	441	437

#### Balance Sheet

Intel's net cash position (short- and long-term investments less short- and long-term debt) increased by \$256 million in Q4 1994 to \$3.63 billion. Significant components of the changes in cash for Q4 1994 and year-to-date are summarized below:

#### Increase/(Decrease) (in millions)

	Q4 94	Twelve Months ended December 31, 1994
Net income	\$372	\$2,288
Depreciation	282	1,028
Capital spending	(760)	(2,441)
Working capital and other, net	461	(415)
Put warrant proceeds, net	11	76
Stock repurchase program	(111)	(658)
Sales of shares to employees, including tax benefit	26	215

Redemption of stock purchase rights	-	(2)
Dividends paid	(25)	(92)
Total change	\$256	\$ (1)

Net inventories decreased \$209 million in the quarter to \$1.17 billion. The decrease was primarily due to the writedown of inventories of Pentium processors containing the floating point divide problem.

Inventories  
(in millions)

	October 1, 1994	December 31, 1994
Raw material	\$ 347	\$ 345
Work in process	668	528
Finished goods	363	296
Total net inventories	\$1,378	\$1,169

Capital spending was \$760 million and depreciation was \$282 million in Q4 1994. For 1994, capital spending was \$2.44 billion and depreciation was \$1.03 billion. The company expects 1995 capital spending to be about \$2.9 billion and 1995 depreciation to be about \$1.4 billion.

Accounts receivable increased by \$69 million in the quarter primarily as a result of record billings. The company's average-days-sales-outstanding was 48 at the end of Q4 1994 compared with 45 at the end of Q3 1994.

During Q4 1994, the company repurchased 1.8 million shares of common stock at a cost of \$111 million (including \$65 million to repurchase 1.0 million shares in connection with the exercise of 1.0 million put warrants) and sold an additional 2.0 million put warrants for proceeds of \$11 million. As of December 31, 1994, the company's potential put warrant obligation was \$744 million to buy back 12.5 million shares of common stock. Of the total 55.0 million shares authorized for repurchase, approximately 24.6 million shares have been repurchased and 17.9 million shares of common stock remained available for repurchase under the stock repurchase program, after reserving shares to cover outstanding put warrants.

Activity during the quarter related to put warrants and stock buybacks is as follows:

<TABLE>

Increase/(Decrease) (millions of shares)	Available For Stock Buybacks	Allocated To Put Warrants	Net Available	(Less)
<S>	<C>	<C>	<C>	
10/1/94	32.2	11.5	20.7	
Put warrant sales	-	2.0	(2.0)	
Stock buyback	(0.8)	-	(0.8)	
Put warrant exercises	(1.0)	(1.0)	-	
12/31/94	30.4	12.5	17.9	

</TABLE>

Stockholders' equity increased by \$215 million in Q4 1994. Changes in equity for Q4 and the 1994 year are summarized as follows:

<TABLE>

Increase/(Decrease) (in millions)	Q4 1994	Twelve Months ended December 31, 1994
<S>	<C>	<C>
Net income	\$ 372	\$2,288
Put warrant proceeds	11	76
Reclass of put warrant obligation, net	(122)	(121)
Repurchase of stock	(46)	(593)
Dividends declared	(25)	(95)
Redemption of stock purchase rights	-	(2)
Sales of shares to employees, plus tax benefit and other	25	214
Total increase	\$ 215	\$1,767

</TABLE>

Key Microprocessor Prices

-----  
(1,000 unit prices)

Pentium Processor.	Q4 94	Jan 3, 1995***
100 MHz	\$935	\$905
90 MHz	\$587	\$587
75 MHz (TCP)	\$495	\$495
66 MHz	**\$479	\$479
60 MHz	**\$383	\$383

IntelDX4 (tm)		
100 MHz	\$459	\$449
75 MHz	\$382	\$356
IntelDX2 (tm)		
66 MHz	\$199	\$158
50 MHz (SQFP)	\$149	\$102
40 MHz (SQFP)	\$149	\$102
Intel486 DX		
33 MHz (PQFP)	\$149	\$102
IntelSX2		
50 MHz	\$102	\$ 75
Intel486 SX		
33 MHz	\$ 85	\$ 83
25 MHz	\$ 78	\$ 77

\*\* These Q4 1994 prices were effective 10/31/94.

\*\*\* New prices are expected to be released in February.

Copies of this earnings release can be obtained by calling Intel's transfer agent, Harris Trust, at 1-800-298-0146 or through the following on-line services: CompuServe\* (GO: Intel), and the Internet (Address: <http://www.intel.com>).

Intel, the world's largest chip maker, is also a leading manufacturer of personal computer, networking and communications products.

\*Other brands or products are trademarks or registered trademarks of their respective holders.

<TABLE>

INTEL CORPORATION  
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CONSOLIDATED SUMMARY FINANCIAL STATEMENTS  
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(Millions, except per share amounts)  
-----

INCOME STATEMENT	3 Months Ended		12 Months Ended	
	Dec. 31, 1994	Dec. 25, 1993	Dec. 31, 1994	Dec. 25, 1993
<S>	<C>	<C>	<C>	<C>
NET REVENUE	\$ 3,228	\$ 2,389	\$11,521	\$ 8,782
Cost of Sales	2,023	935	5,576	3,252
Research and Development	285	262	1,111	970
Marketing, General and Administrative	402	333	1,447	1,168
Operating Costs and Expenses	2,710	1,530	8,134	5,390
OPERATING INCOME	518	859	3,387	3,392
Interest and Other	67	55	216	138
INCOME BEFORE TAXES	585	914	3,603	3,530
Income Taxes	213	320	1,315	1,235
NET INCOME	\$ 372	\$ 594	\$ 2,288	\$ 2,295
EARNINGS PER SHARE	\$ 0.86	\$ 1.35	\$ 5.24	\$ 5.20
COMMON SHARES AND EQUIVALENTS	433	441	437	441

<TABLE>

BALANCE SHEET (millions)	At Dec. 31, 1994	At Dec. 25, 1993
-----		
CURRENT ASSETS		
<S>	<C>	<C>
Cash and Short-Term Investments	\$ 2,410	\$ 3,136

Accounts Receivable	1,978	1,448
Inventories	1,169	838
Deferred Tax Assets and Other	610	380
	-----	-----
Total Current Assets	6,167	5,802
Property, Plant and Equipment, Net	5,367	3,996
Long-Term Investments	2,127	1,416
Other Assets	155	130
	-----	-----
TOTAL ASSETS	\$13,816	\$11,344
	=====	=====
CURRENT LIABILITIES		
-----		
Short-Term Debt	\$ 517	\$ 497
Accounts Payable and Accrued Liabilities	1,809	1,345
Deferred Income on Shipments to Distributors	269	200
Income Taxes Payable	429	391
	-----	-----
Total Current Liabilities	3,024	2,433
	-----	-----
LONG-TERM DEBT	392	426
	-----	-----
DEFERRED TAX LIABILITIES	389	297
	-----	-----
PUT WARRANTS	744	688
	-----	-----
STOCKHOLDERS' EQUITY		
-----		
Common Stock and Capital in Excess of Par Value	2,306	2,194
Retained Earnings	6,961	5,306
	-----	-----
Total Stockholders' Equity	9,267	7,500
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$13,816	\$11,344
	=====	=====

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	October 1, 1994	December 31, 1994
Raw material	\$ 347	\$ 345
Work in process	668	528
Finished goods	363	296
Total net inventories	\$1,378	\$1,169

Capital spending was \$760 million and depreciation was \$282 million in Q4 1994. For 1994, capital spending was \$2.44 billion and depreciation was \$1.03 billion. The company expects 1995 capital spending to be about \$2.9 billion and 1995 depreciation to be about \$1.4 billion.

Accounts receivable increased by \$69 million in the quarter primarily as a result of record billings. The company's average-days-sales-outstanding was 48 at the end of Q4 1994 compared with 45 at the end of Q3 1994.

During Q4 1994, the company repurchased 1.8 million shares of common stock at a cost of \$111 million (including \$65 million to repurchase 1.0 million shares in connection with the exercise of 1.0 million put warrants) and sold an additional 2.0 million put warrants for proceeds of \$11 million. As of December 31, 1994, the company's potential put warrant obligation was \$744 million to buy back 12.5 million shares of common stock. Of the total 55.0 million shares authorized for repurchase, approximately 24.6 million shares have been repurchased and 17.9 million shares of common stock remained available for repurchase under the stock repurchase program, after reserving shares to cover outstanding put warrants.

Activity during the quarter related to put warrants and stock buybacks is as follows:

<TABLE>  
Increase/(Decrease)  
(millions of shares)

	Available For Stock Buybacks	Allocated To Put Warrants	Net Available	(Less)
<S>	<C>	<C>	<C>	
10/1/94	32.2	11.5	20.7	
Put warrant sales	-	2.0	(2.0)	
Stock buyback	(0.8)	-	(0.8)	
Put warrant exercises	(1.0)	(1.0)	-	
12/31/94	30.4	12.5	17.9	

</TABLE>

Stockholders' equity increased by \$215 million in Q4 1994. Changes in equity for Q4 and the 1994 year are summarized as follows:

<TABLE>  
Increase/(Decrease)  
(in millions)

	Q4 1994	Twelve Months ended December 31, 1994
<S>	<C>	<C>
Net income	\$ 372	\$2,288
Put warrant proceeds	11	76
Reclass of put warrant obligation, net	(122)	(121)
Repurchase of stock	(46)	(593)
Dividends declared	(25)	(95)
Redemption of stock purchase rights	-	(2)
Sales of shares to employees, plus tax benefit and other	25	214
Total increase	\$ 215	\$1,767

</TABLE>

Key Microprocessor Prices

-----  
(1,000 unit prices)

Pentium Processor.	Q4 94	Jan 3, 1995***
100 MHz	\$935	\$905
90 MHz	\$587	\$587
75 MHz (TCP)	\$495	\$495
66 MHz	**\$479	\$479
60 MHz	**\$383	\$383

IntelDX4 (tm)		
100 MHz	\$459	\$449
75 MHz	\$382	\$356
IntelDX2 (tm)		
66 MHz	\$199	\$158
50 MHz (SQFP)	\$149	\$102
40 MHz (SQFP)	\$149	\$102
Intel486 DX		
33 MHz (PQFP)	\$149	\$102
IntelSX2		
50 MHz	\$102	\$ 75
Intel486 SX		
33 MHz	\$ 85	\$ 83
25 MHz	\$ 78	\$ 77

\*\* These Q4 1994 prices were effective 10/31/94.

\*\*\* New prices are expected to be released in February.

Copies of this earnings release can be obtained by calling Intel's transfer agent, Harris Trust, at 1-800-298-0146 or through the following on-line services: CompuServe\* (GO: Intel), and the Internet (Address: <http://www.intel.com>).

Intel, the world's largest chip maker, is also a leading manufacturer of personal computer, networking and communications products.

\*Other brands or products are trademarks or registered trademarks of their respective holders.

<TABLE>

INTEL CORPORATION  
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CONSOLIDATED SUMMARY FINANCIAL STATEMENTS  
-----  
(Millions, except per share amounts)  
-----

INCOME STATEMENT	3 Months Ended		12 Months Ended	
	Dec. 31, 1994	Dec. 25, 1993	Dec. 31, 1994	Dec. 25, 1993
<S>	<C>	<C>	<C>	<C>
NET REVENUE	\$ 3,228	\$ 2,389	\$11,521	\$ 8,782
Cost of Sales	2,023	935	5,576	3,252
Research and Development	285	262	1,111	970
Marketing, General and Administrative	402	333	1,447	1,168
Operating Costs and Expenses	2,710	1,530	8,134	5,390
OPERATING INCOME	518	859	3,387	3,392
Interest and Other	67	55	216	138
INCOME BEFORE TAXES	585	914	3,603	3,530
Income Taxes	213	320	1,315	1,235
NET INCOME	\$ 372	\$ 594	\$ 2,288	\$ 2,295
EARNINGS PER SHARE	\$ 0.86	\$ 1.35	\$ 5.24	\$ 5.20
COMMON SHARES AND EQUIVALENTS	433	441	437	441

<TABLE>

BALANCE SHEET (millions)	At Dec. 31, 1994	At Dec. 25, 1993
CURRENT ASSETS		
<S>	<C>	<C>
Cash and Short-Term Investments	\$ 2,410	\$ 3,136

Accounts Receivable	1,978	1,448
Inventories	1,169	838
Deferred Tax Assets and Other	610	380
	-----	-----
Total Current Assets	6,167	5,802
Property, Plant and Equipment, Net	5,367	3,996
Long-Term Investments	2,127	1,416
Other Assets	155	130
	-----	-----
TOTAL ASSETS	\$13,816	\$11,344
	=====	=====
CURRENT LIABILITIES		
-----		
Short-Term Debt	\$ 517	\$ 497
Accounts Payable and Accrued Liabilities	1,809	1,345
Deferred Income on Shipments to Distributors	269	200
Income Taxes Payable	429	391
	-----	-----
Total Current Liabilities	3,024	2,433
	-----	-----
LONG-TERM DEBT	392	426
	-----	-----
DEFERRED TAX LIABILITIES	389	297
	-----	-----
PUT WARRANTS	744	688
	-----	-----
STOCKHOLDERS' EQUITY		
-----		
Common Stock and Capital in Excess of Par Value	2,306	2,194
Retained Earnings	6,961	5,306
	-----	-----
Total Stockholders' Equity	9,267	7,500
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$13,816	\$11,344
	=====	=====

</TABLE>