UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee Required) For the fiscal year ended December 31, 1994, OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No Fee Required) For the transition period from____to____

Commission File Number 0-6217

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

Delaware	94-1672743
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2200 Mission College Boulevard, Santa Clara, California, 95052-8119
(Address of principal executive offices, Zip Code)

Registrant's telephone number, including area code (408) 765-8080

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
NONE	

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.001 par value
1998 Step-Up Warrants to Purchase Common Stock

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES__X__NO_____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Aggregate market value of voting stock held by non affiliates of the registrant as of February 25, 1995

$30.43 billion

414.5 million shares of Common Stock outstanding as of February 25, 1995

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of Annual Report to Stockholders for fiscal year ended December 31, 1994-Items 5, 6, 7, 8 and 14.
(2) Portions of Proxy Statement dated March 14, 1995 -Items 10, 11, 12, and 13.

PART I

ITEM 1. BUSINESS

INDUSTRY

Intel Corporation and its subsidiaries (collectively called "Intel," the "Company" or the "Registrant") operate in one dominant industry segment. The Company designs, develops, manufactures and markets microcomputer components and related products at various levels of integration.

Intel components consist of silicon-based semiconductors etched with complex patterns of transistors. Each one of these integrated circuits (ICs) can perform the functions of thousands--even millions--of individual transistors, diodes, capacitors and resistors.

PRODUCTS

Intel's product strategy is twofold: the Company offers OEMs (original equipment manufacturers) a wide range of PC (personal computer) building-block products to meet their needs, and offers PC users products that expand the capabilities of their systems and networks.

The Company's major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory chips, computer modules and boards, network and communications products, personal conferencing products and scalable parallel processing computers.

MICROPROCESSORS. A microprocessor is the central processing unit of a PC. It processes system data and controls other devices in the system, acting as the brains of a PC. Intel's 32-bit processors include the flagship Pentium(R) processor family and the Intel486(TM) microprocessor family. Pentium processors are the latest extension of an architecture that is pervasive worldwide; the market research firm Dataquest estimates that approximately 134 million PCs based on the Intel architecture are currently in use (compared to fewer than 20 million PCs based on other architectures). The Company's strategy is to develop products in the Intel architecture family that are compatible with the installed base of software applications.

Intel's developments in the art of semiconductor design and manufacturing have made it possible to decrease the feature size of circuits etched into silicon. This permits a greater number of transistors to be fit on each silicon wafer, resulting in microprocessors that are smaller, faster running, more energy efficient, and less expensive to make. These developments have also led to increasingly complex designs. Despite rigorous testing standards, the Company cannot give assurances that any particular design will be flawless.

The Pentium processor family, fully binary compatible with previous generations of the Intel architecture, was introduced in 1993 with 60- and 66-MHz versions In 1994 Intel extended the family with 3.3V 75-, 90- and 100-MHz Pentium processors with enhanced power management features and performance of up to 166 MIPS. These processors have enabled a broad variety of mainstream mobile, desktop, and server systems based on the Pentium processor, and the PC market is transitioning rapidly to Pentium processor-based systems. Intel sells its microprocessor products, including Pentium processors, at various levels of integration (chips, boards, systems and modules) depending on the OEM's requirements (see "Computer Modules and Boards"). Intel expects to introduce higher performance versions of the Pentium processor in 1995.

In early 1995, Intel previewed its sixth-generation processor, codenamed the P6, at the International Solid State Circuits Conference. The 5.5-million-transistor P6, initially operating at 133 MHz, is projected to deliver approximately two times the performance of the 100-MHz Pentium processor while maintaining binary software compatibility with previous generations of the Intel architecture. P6 technology is expected to deliver workstation performance on the desktop while also enabling a new generation of multiprocessor servers. Systems based on the P6 processor are expected to be available in the second half of 1995.

Within the Intel486 microprocessor product family, certain designations such as SX, DX, DX2 and DX4 differentiate the processors from one another. SX, DX and DX2 are used to designate the earlier generations of the family. Introduced in 1994, the IntelDX4(TM) processor, the fastest member of the Intel486 microprocessor family, is popular in both entry-level home and business desktop systems and in mobile computers. The IntelDX4 processor family offers up to 50 percent more performance than the 66-MHz IntelDX2(TM) microprocessor.

The OverDrive(R) family of processors provides CPU performance enhancements to Intel486 and Pentium processor-based systems. In early 1995, Intel introduced the Pentium OverDrive processor technology to Intel486 microprocessor-based systems.

Sales of the Intel486 microprocessor family comprised a majority of the Company's revenues and a substantial majority of its gross margin in 1992, 1993 and 1994. A significant and growing portion of the Company's sales and margins were derived from sales of the Pentium processor family in 1994. As part of its strategic goal to double processor performance at major system price points, the Company cut microprocessor prices aggressively and systematically in 1994, and this trend may continue in 1995. Future distortion of price maturity curves could occur as imitation products enter the market in significant volume or alternative architectures gain market acceptance.

The outlook for Pentium processor shipments in 1995 is dependent on several business factors, including the manufacturing ramp and market demand. The Pentium processor family comprised 23% of the Company's microprocessor unit shipments to the desktop market segment in the fourth quarter of 1994. If current trends continue, quarterly unit volumes of the Pentium processor family could surpass those of the Intel486 microprocessor family during 1995.

CHIPSETS. Based on the industry accepted PCI bus, the Company's core logic chipsets support and extend the graphic and other capabilities of Intel486 and Pentium processors. Early in 1995, Intel introduced the Triton chipset, a third-generation Pentium processor chipset targeted at 75-, 90- and 100-MHz systems.

EMBEDDED PRODUCTS. Embedded chips provide the computing power in devices other than PCs and workstations. Embedded products are dedicated to specific application functions and are found in wireless communications, printers, copiers, fax machines, VCRs, cable converter boxes and other TV equipment, commercial and military avionics, medical instrumentation, and factory automation control products.

Intel's embedded product line consists of 32-bit processors, including the i960(R) processor family, which are the best selling RISC (reduced instruction set computing) chips in the world in terms of units sold (according to Dataquest); embedded Intel386(TM) processors that primarily use the DOS operating system; the 80C186 microprocessor family; 16-bit microcontrollers, such as the 8096 and the 80C196; and 8-bit microcontrollers, such as the MCS(R) 51 microcontroller family. The Company introduced several embedded processor products in 1994, including the 80960JX family and the 80C196NP 16-bit microcontroller.

FLASH MEMORY CHIPS. Memory components are used to store computer programs and data entered by users. Flash memories are nonvolatile and do not require power to retain information.

Intel supplies a broad line of flash memory components that are used across a broad range of applications, including BIOS storage in many personal computers, printers and networking devices, medical instrumentation and industrial controllers.

In 1994, Intel introduced SmartVoltage memories, providing users with increased flexibility in optimizing their systems for lower power consumption and higher performance. Manufacturers of wireless communications devices, handheld terminals and other battery-operated devices have seen improved systems value from these chips. The Company also introduced the 16 Mbit Flash RAM chip enabling non volatile, updatable memory for embedded code storage plus the industry's highest speed execution. This product enabled many system designers to replace two kinds of memory--DRAM and ROM--with one: Flash RAM.

COMPUTER MODULES AND BOARDS. Hundreds of microcomputer platforms and single-board computers based on Intel components are now widely accepted as basic building blocks for technical and commercial applications. Many OEMs build their own PCs, microcomputers, real-time control systems and other products based on these modules.

A significant portion of Intel's Pentium processors are sold at higher levels of integration incorporated into boards, systems and modules to OEMs. OEM customers buy at these levels of integration to accelerate the time to get their products to market. With the growth of the Pentium processor business, Intel has become one of the largest manufacturers of populated PC motherboards.

The Company cannot always predict the level of integration at which customers will request microprocessor products. In addition, the manufacture of boards and systems requires DRAMs and other components that may be in short supply. Although the Company has entered into supply agreements with manufacturers of these components, there can be no assurances of adequate supply.

NETWORK AND COMMUNICATIONS PRODUCTS. Sold to PC users through retail channels, these hardware and software products improve the performance or capabilities of PC systems and networks.

Intel's networking products are designed to make PC networks easier for LAN administrators to install and manage. The architecture that delivers this management capability is called Smart Network Services.

Intel's networking products consist of LAN products, such as the EtherExpress family of adapters; and network management products, including the LANDesk(R) product line.

Supporting the Smart Network Services strategy are new or upgraded LAN products: EtherExpress(TM) Pro adapters that use flash memory for one-step installation and configuration; EtherExpress Pro/100, a 100 MB ethernet adapter that supports the new 100 MB standard 100-based T; StorageExpress(TM) back up servers; NETSatisFAXtion(R) software; NetportExpress(TM) print servers; and LANDeskManager Suite V. 2.0 software, which combines management of desktop systems, servers, wire segments and services on LANs.

PERSONAL CONFERENCING PRODUCTS. PC users can install Intel software and cards that let two users view and manipulate the same documents simultaneously and, in some cases, see each other. Personal conferencing products merge the power of the PC with the real-time immediacy of the telephone. In 1994, Intel introduced its ProShare(TM) personal conferencing products, including the ProShare Video System 200 and ProShare Video System 150, which were certified in 22 countries. During 1994, these products were updated to provide the following enhancements: ISDN and LAN transfer support, increased video quality and expanded serviceability.

SCALABLE PARALLEL PROCESSING SYSTEMS. Scalable parallel processing (SPP) systems use the processing power of multiple microprocessors working simultaneously to solve large-scale computing, data and image manipulation problems. Intel offers SPP systems for both commercial and technical market segments. For the enterprise computing and interactive multimedia market segments, Intel architecture-based server building blocks and platforms are offered through OEMs. For the supercomputer market segment, the Paragon(MP XP/S massively parallel supercomputer is scalable from compute-intensive embedded applications to systems with over 1,000 i860(R) XR multiprocessor compute nodes. In 1994, a linked system based on two Intel Paragon XP/S 140 supercomputers beat the existing world record for computing performance by more than 50 percent.

MANUFACTURING

A majority of the Company's wafer production and some assembly and final testing of VLSI (very large scale integration) components are conducted at domestic Intel facilities in Chandler, Arizona; Aloha, Oregon; Santa Clara and Folsom, California; and Rio Rancho, New Mexico. A majority of Intel's production of microcomputers and memory boards and systems takes place at facilities in Hillsboro, Oregon and Las Piedras, Puerto Rico.

Outside the United States, a significant portion of Intel's VLSI wafer production, including some microprocessor fabrication, is conducted at plants in Jerusalem, Israel and Leixlip, Ireland. A significant portion of Pentium processor production is conducted at the Ireland site. Most of the Company's VLSI component assembly and testing is performed at facilities in Penang, Malaysia and Manila, Philippines. A significant and growing portion of Intel's production of microcomputers and memory boards and systems is conducted at facilities in Leixlip, Ireland, and Penang, Malaysia.

In general, if Intel were unable to assemble, test or perform wafer fabrication on its products abroad, or if air transportation between its foreign facilities and the United States were disrupted, there could be a materially adverse effect upon the Company's operations. In addition to normal manufacturing risks, foreign operations are subject to certain additional exposures, including political instability, currency controls and fluctuations, and tariff and import restrictions. To date, Intel has not experienced significant difficulties related to these foreign business risks.

To augment capacity, Intel uses subcontractors to perform assembly of certain products and wafer fabrication for certain VLSI components, primarily flash memory and chipsets. The Company cannot give assurances that it will be able to fully satisfy demand for certain of these products.

The manufacture of integrated circuits is a complex process. Normal manufacturing risks include errors in the fabrication process, defects in raw materials, as well as other factors, all of which can affect yields.

EMPLOYEES

At December 31, 1994, the Company employed approximately 32,600 people worldwide.

SALES

Most of Intel's products are sold or licensed through sales offices located near major concentrations of users throughout the United States, Europe, Japan, Asia-Pacific and other parts of the world.

The Company also uses distributors (industrial and retail) and representatives to distribute its products both in the United States and overseas. Typically, distributors handle a wide variety of products, including those competitive with Intel products, and fill orders for many customers. Most of Intel's sales to distributors are made under agreements allowing for price protection and/or the right of return on unsold merchandise. Sales representatives generally do not offer directly competitive products, but may carry complementary items manufactured by others. Representatives do not maintain a product inventory; instead, their customers place large quantity orders directly with Intel and are referred to distributors for smaller orders. Intel sold products to thousands of customers worldwide in 1994, none of which represented more than 10% of total revenues.

BACKLOG

Intel's sales are made primarily pursuant to standard purchase orders for delivery of standard products. Intel has some agreements that give a customer the right to purchase a specific number of products during a time period. Although not generally obligating the customer to purchase any particular number of such products, some of these agreements do contain billback clauses. As a matter of industry practice, billback clauses are difficult to enforce. The quantity actually purchased by the customer, as well as the shipment schedules, are frequently revised during the agreement term to reflect changes in the customer's needs. In light of industry practice and experience, Intel does not believe that such agreements are meaningful for determining backlog figures. Intel believes that only a small proportion of its order backlog is noncancellable and that the dollar amount associated with the noncancellable portion is immaterial. Therefore, Intel does not believe that backlog as of any particular date is necessarily indicative of future results.

COMPETITION

The Company competes in different product lines to various degrees on the basis of price, performance, availability and quality. Many companies compete with Intel and are engaged in the same basic fields of activity, including research and development. Both foreign and domestic, these competitors range in size from large multinationals to smaller companies competing in specialized market segments. Intel is engaged in a rapidly advancing field of technology in which its ability to compete depends upon the continuing improvement of its products and processes, continuing cost reductions, and the development of new products to meet changing customer requirements.

Prices decline rapidly in the semiconductor industry as unit volume grows, as competition develops, and as production experience is accumulated. In the microcomputer and board and systems area, Intel competes with board manufacturers and microprocessor-based computer manufacturers. Some of these competitors are also Intel customers.

A number of competitors have developed products that imitate some of the Company's key products. Some of these products obtained market acceptance and Intel's revenues and margins with respect to certain of these products were adversely affected and may continue to be adversely affected. Based on the current case law, Intel's competitors can design microprocessors which are compatible with Intel microprocessors and avoid Intel patent rights through the use of foundry services that have licenses with Intel. Furthermore, as part of a recent settlement between Intel and AMD to settle all outstanding legal disputes between the two companies, Intel licensed AMD to copy the microcode in the Intel386 and Intel486 microprocessors. However, AMD agreed that it has no right to copy the microcode in the Pentium processor and future microprocessors. The net effect of this situation (i.e., case law and the AMD settlement) is that while it is possible for competitors to imitate the functionality of Intel processors, future imitations are not expected to be as close an imitation as were the Am386* and Am486* products from AMD. Competitors' products may add features and increase performance. The Company also faces significant competition from companies that offer rival microprocessor architectures. The Company cannot predict whether such rival architectures will gain market acceptance or provide increased competition to the Company's products. Future distortion of price maturity curves could occur as imitation products enter the market in significant volume or alternative architectures gain market acceptance.

It continues to be Intel's strategy to maintain its competitive advantage through aggressive investments in manufacturing capacity and the development and marketing of advanced products which provide greater functionality to its customers than is provided by competitive products. Intel also is committed to the protection of its intellectual property rights against illegal use. There can be no assurance, however, that competitors will not introduce new products (either imitative or of rival architectural designs) or reduce prices on existing products. Such developments could have an adverse effect on Intel's revenues and margins.

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* Other brands and names are the property of their respective owners

RESEARCH AND DEVELOPMENT

The Company's competitive position has developed to a large extent because of its emphasis upon research and development. This emphasis has enabled Intel to deliver products before they have become available from competitors, and thus has permitted Intel's customers to commit to the use of these new products in the development of their own products. Intel's research and development activities are directed toward developing new products, hardware technologies and processes and improving existing products and lowering their cost. The Company also develops "enabling" software, such as open software specifications and software tools, to enhance the functionality and acceptance of the personal computer platform Intel's expenditures for research and development were $1,111 million, $970 million and $780 million in fiscal years 1994, 1993 and 1992, respectively. As of December 31, 1994, Intel had approximately 6,400 employees engaged in research and development. The results of Intel's research and development activities depend upon competitive circumstances and Intel's ability to transfer new products to production in a timely and cost-effective manner.

Most design and development of VLSI components and other products is performed at Intel's facilities in Santa Clara and Folsom, California; Aloha and Hillsboro, Oregon; Chandler, Arizona; and Haifa, Israel.

In June 1994, Intel and Hewlett-Packard Company announced a joint research and development project covering a wide range of activities, including semiconductor processes, software optimization and microprocessor design technologies. New 64-bit processors based on the jointly developed architecture are expected to be initially targeted at server, workstation and enterprise computing products, probably in the late 1990's.

INTELLECTUAL PROPERTY AND LICENSING

Intellectual property rights which apply to various Intel products include patents, copyrights, trade secrets, trademarks and maskwork rights. Because of the rapidly changing technology and a broad distribution of patents in the semiconductor industry, Intel's present intention is not to rely primarily on intellectual property rights to protect or establish its market position. However, Intel has established an active program to protect its investment in technology by enforcing all of its intellectual property rights. Intel does not intend to broadly license its intellectual property rights unless it can obtain adequate consideration. Reference is also made to the headings "Competition," and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Intel has filed and obtained a number of patents in the United States and abroad. Intel has entered into patent cross license agreements with many of its major competitors.

Intel protects many of its computer programs by copyrighting them. Intel has registered numerous copyrights with the United States Copyright Office. The ability to protect or to copyright software in some foreign jurisdictions is not clear. However, Intel has a policy of requiring customers to sign a software license contract before providing a customer with certain computer programs. Certain VLSI components have computer programs embedded in them, and Intel has obtained copyright protection for some of these programs as well. Beginning in 1985, Intel has obtained protection for the maskworks for a number of its components under the Chip Protection Act of 1984.

Intel has obtained certain trademarks and trade names for its products to distinguish genuine Intel products from those of its competitors and is currently engaged in a cooperative program with OEMs to identify personal computers that incorporate genuine Intel microprocessors with the Intel Inside(R) logo. Intel maintains certain details about its processes, products and strategies as trade secrets.

As is the case with many companies in the semiconductor industry, Intel has, from time to time, been notified of claims that it may be infringing certain patent rights of others. These claims have been referred to counsel and they are in various stages of evaluation and negotiation. If it appears necessary or desirable, Intel may seek licenses for these intellectual property rights. Intel can give no assurance that licenses will be offered by all claimants or that the terms of any offered licenses will be acceptable to Intel or that in all cases the dispute will be resolved without litigation.

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

To Intel's present knowledge, compliance with federal, state and local provisions enacted or adopted for protection of the environment has had no material effect upon its operations. However, reference is made to Item 3., Legal Proceedings, of this Form 10-K.

EXECUTIVE OFFICERS

The following sets forth certain information with regard to executive officers of Intel (ages are as of December 31, 1994):

Craig R. Barrett (age 55) has been Chief Operating Officer since 1993; a director of Intel Corporation since 1992; Executive Vice President since 1992; and Vice President and General Manager of the Microcomputer Components Group from 1989 to 1992.

Andrew S. Grove (age 58) has been a director of Intel Corporation since 1974; President since 1979; and Chief Executive Officer since 1987.

Gordon E. Moore (age 66) has been a director of Intel Corporation since 1968 and Chairman of the Board since 1979.

Leslie L. Vadasz (age 58) has been a director of Intel Corporation since 1988; Senior Vice President, Director of Corporate Business Development since 1991; and Senior Vice President and General Manager of the Systems Group from 1986 to 1990.

Frank C. Gill (age 51) has been Senior Vice President and General Manager, Intel Products Group since 1991; Senior Vice President and President of the Systems Group from 1990 to 1991; and Senior Vice President and Director of Sales from 1989 to 1990.

David L. House (age 51) has been Senior Vice President and Director, Corporate Strategy since 1991; Senior Vice President and President of Microcomputer Components Group from 1990 to 1991; and Senior Vice President and General Manager, Microcomputer Components Group from 1987 to 1990.

Paul S. Otellini (age 44) has been Senior Vice President, Director, Sales since May 1994; Senior Vice President and General Manager, Microprocessor Products Group, from 1993 to 1994; Vice President and General Manager, Microprocessor Products Group from 1991 to 1992; Vice President and General Manager, Micro Products Group from 1990 to 1991; and Vice President and Assistant to the President from 1989 to 1990.

Gerhard H. Parker (age 51) has been Senior Vice President and General Manager, Technology & Manufacturing Group, since 1992; Vice President and Director, Technology & Manufacturing Group from 1991 to 1992; Vice President and Director, Technology Group from 1990 to 1991; Vice President and General Manager, Technology and Manufacturing Group during 1990; and Vice President and General Manager, Component Technology and Development Group from 1989 to 1990.

Robert W. Reed (age 48) has been Senior Vice President and General Manager, Semiconductor Products Group, since 1991; Senior Vice President and Chief Financial Officer from 1990 to 1991; and Senior Vice President, Chief Financial Officer and Director of Administration from 1989 to 1990.

Ronald J. Whittier (age 58) has been Senior Vice President and General Manager, Intel Architecture Laboratories, since January 1993; Vice President and General Manager, Software Technology Group from 1991 to 1992; Vice President and Director of Marketing from 1990 to 1991; and Vice President and Director of Corporate Marketing from 1985 to 1990.

Albert Y.C. Yu (age 53) has been Senior Vice President and General Manager, Microprocessor Products Group since January 1993; Vice President and General Manager, Microprocessor Products Group from 1991 to 1992; Vice President and General Manager, Micro Products Group from 1990 to 1991; and Vice President and General Manager, Component Technology and Development Group from 1989 to 1990.

Michael A. Aymar (age 47) has been Vice President and General Manager, Intel486(TM) Microprocessor Division, since January 1994; Vice President and General Manager, Mobile Computing Group, from 1991 to 1994; and Vice President and General Manager, Santa Clara Microcomputer Division from 1989 to 1991.
Andy D. Bryant (age 44) has been Vice President and Chief Financial Officer since February 1994; Vice President, Intel Products Group from 1990 to 1994; and Director of Finance from 1987 to 1990.

F. Thomas Dunlap, Jr. (age 43) has been Vice President, General Counsel and Secretary since 1987.

G. Carl Everett, Jr. (age 44) has been Senior Vice President and General Manager, Microprocessor Products Group since May 1994; Vice President and Director, Worldwide Sales Group from 1990 to 1994; Vice President and Director of North American Sales during 1990; and Vice President, Sales and Marketing Group from 1987 to 1990.

Stephen P. Nachtsheim (age 50) has been Vice President and General Manager, Mobile and Home Products Group since January 1995. Prior to that time, from January 1994 to January 1995, he was an appointed vice president of the same group. He held the positions of General Manager of European Intel Products Group from 1992 to 1994; General Manager of ASIC from 1990 to 1992; and General Manager of Intel Europe from 1988 to 1990.

ITEM 2. PROPERTIES

At December 31, 1994, Intel owned the major facilities described below:

No. of Bldgs.	Location	Total Sq. Ft.	Use
46	United States (A)	8,739,000	Executive and administrative offices, wafer fabrication, components testing and assembly, research and development, computer and service functions, system assembly and warehousing.
2	Ireland	745,000	Wafer fabrication, system and board assembly, and administrative offices.
6	Malaysia (B)	531,000	Components assembly and testing and administrative offices.
4	Israel	379,000	Wafer fabrication, design center, sales office and related support functions.
4	Puerto Rico	292,000	Systems manufacturing, board assembly, warehousing and administration.
3	England	184,000	European sales, marketing, warehousing and related support functions.
3	Japan	167,000	Sales, warehousing and related support functions.
1	Philippines (C)	131,000	Components assembly and testing and administrative offices.
1	Germany	86,000	European marketing, German sales and administrative offices.
1	France (D)	63,000	French sales and administrative offices.

At December 31, 1994, Intel also leased 21 major facilities in the U.S. totaling approximately 609,000 square feet and 11 facilities in other countries totaling approximately 246,000 square feet. These leases expire at varying dates through 2002, including renewals at the option of Intel.

Intel believes that its existing facilities are suitable and adequate, and the productive capacity in such facilities is in general being utilized. Intel has other facilities available that it can equip to meet future demand as such demand materializes. These include 4.5 million square feet of building space under various stages of construction in the United States and abroad for manufacturing and administrative purposes.

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(A) Includes an idle, 131,000-square-foot facility formerly utilized for wafer fabrication and administration, which is currently for sale.
(B) The lease on a portion of the land used for these facilities expires in 2032.
(C) Leases on land expire in 1998, 2002 and 2008.
(D) This facility is currently for sale.

ITEM 3. LEGAL PROCEEDINGS

A. LITIGATION

Intel vs. Advanced Micro Devices, Inc. ("AMD")
U.S. District Court for the Northern District of California
(C90-20237) - Intel287 Copyright Infringement Suit

In a letter dated March 23, 1990 from AMD, AMD asserted a right to copy and distribute Intel-copyrighted microcode in an AMD 80C287 math coprocessor. In response to the letter, Intel filed a suit on April 23, 1990 in the U.S. District Court for the Northern District of California, alleging that AMD infringed Intel's copyright on the microcode for the Intel287(TM) math coprocessor. In its defense, AMD claimed a license to copy and distribute Intel copyrighted microcode based on a clause in a 1976 patent cross-license agreement which gives AMD the right "...to copy microcodes contained in Intel microcomputers and peripheral products sold by Intel."

On January 11, 1995, in connection with the settlement of various legal matters between the two companies, the parties agreed to dismiss all claims, counterclaims and defenses raised in this action. AMD has agreed to abide by the terms of the preliminary injunction entered August 7, 1990, and Intel has granted AMD a license to Intel code contained in Intel287, Intel386 and Intel486 microprocessors. AMD has agreed that it has no right to copy the microcode in the Pentium processor and future microprocessors.

Intel vs. Advanced Micro Devices, Inc. ("AMD")
U.S. District Court for the Northern District of California
(C92-20039) - Intel386 Copyright Infringement Suit

On October 9, 1991, Intel filed another copyright infringement suit against AMD, alleging that AMD copied the Intel386 microcode and a control program which is stored in a programmable logic array.

On January 11, 1995, in connection with the settlement of various legal matters between the two companies, the parties agreed to dismiss all claims, counterclaims and defenses raised in this action.

Intel vs. Advanced Micro Devices, Inc. ("AMD")
U.S. District Court for the Northern District of California
(C93-20301) - Intel486 Copyright Infringement Suit

On April 28, 1993, the Company filed a complaint in the U.S. District Court for the Northern District of California covering numerous copyright infringement claims on AMD's versions of Intel486 microprocessors.

On October 11, 1994, Judge Trumbull ruled that AMD is not licensed to copy or distribute the Company's 486 ICE(TM) system microcode, and entered an injunction which prohibits AMD from shipping Am486s which contain the Company's 486 ICE system microcode after January 15, 1995.

On January 11, 1995, in connection with the settlement of various legal matters between the two companies, the parties agreed to dismiss all claims, counterclaims and defenses raised in this action. The 486 ICE system microcode injunction will remain in effect, and AMD agreed to pay Intel $58 million as settlement for past damages for its 486 ICE system microcode infringement. As part of the settlement, AMD will have the right to use foundries for up to 20% of its Am486 production.

Advanced Micro Devices, Inc. ("AMD") vs. Intel Corporation
U.S. District Court for the Northern District of California
(C91-20541) - Antitrust Suit

On August 29, 1991, AMD filed a lawsuit against Intel in the U.S. District Court for the Northern District of California, alleging that Intel violated the Sherman Act by committing unlawful acts and conspiring with customers and distributors to secure and maintain monopoly positions in microprocessor and math coprocessor markets.

On January 11, 1995, in connection with the settlement of various legal matters between the two companies, the parties agreed to dismiss all claims, counterclaims and defenses raised in this action.

Consumer Class Action Suits

Machtinger vs. Intel, Cook Co. Circuit Court, IL (94-C-7300)
Anthony Uzzo & Co. vs. Intel, Santa Clara Co. Superior Court (CV745729)
Liberty Bell Equip. vs. Intel, Santa Clara Co. Superior Court (CV745803)
Sloane vs. Intel, Santa Clara Co. Superior Court (CV745876)
Klein vs. Intel, Santa Clara Co. Superior Court (CV745895)
Scalzo vs. Intel, Santa Clara Co. Superior Court (CV745924)
Rep. Electronic Products vs. Intel and Dell,
Wayne Co. Circuit Court, MI (94-435132CK)
Fingold vs. Intel, Santa Clara Co. Superior Court (CV746031)
Lees et al vs. Intel, Camden Co. Superior Court, NJ (L 11508 94)
Kurtz, Orman vs. Intel, Santa Clara Co. Superior Court (CV746116)
Data Technology Services vs. Intel, U.S.D.C., Dist. of CO (94-N-2886)
Carney vs. Intel, Santa Clara Co. Superior Court (CV746128)

During the period from November 29, 1994 through December 19, 1994, numerous civil consumer lawsuits were filed in state courts in various states against the Company. Although the complaints differ, these actions generally allege that Intel breached express and implied warranties, engaged in deceptive advertising and otherwise committed consumer fraud by shipping Pentium processors which contained a divide problem in the floating point unit, and by failing to disclose it. The suits seek compensatory and punitive damages of unspecified amounts. One of the actions has since been withdrawn. A Stipulation of Settlement covering all remaining pending actions was filed in the Santa Clara Superior Court on March 22, 1995. Preliminary approval was granted by the Court on March 24, 1995.

Weisberg vs. C. Barrett, W.H. Chen, A. Grove, D.J. Guzy, G. Moore, M. Palevsky, A. Rock, J. Shaw, L. Vadasz, D. Yoffie, C. Young and Intel
Southern District, NY (C95-0674)

On January 31, 1995, the plaintiff brought this suit in Federal Court in New York (Southern District) as both a derivative and stockholder action to invalidate the Company's Executive Officer Bonus Plan, alleging that the plan is so vague and misleading as to be ambiguous. Plaintiff seeks (i) cancellation of the stockholders' approval of the Plan, (ii) unspecified damages to Intel by the Board of Directors, and (iii) to enjoin implementation of the Plan and the payment of any bonuses under the Plan.

Although the ultimate outcome of any outstanding claims cannot be determined at this time, management, including internal counsel, does not believe that the ultimate outcome will have a material adverse effect on Intel's financial position or overall trends in results of operations.

B. ENVIRONMENTAL PROCEEDINGS

Intel has been named to the California and U.S. federal Superfund lists for three of its sites and has completed, along with two other companies, a Remedial Investigation/Feasibility study with the U.S. Environmental Protection Agency (EPA) to evaluate the ground water in areas adjacent to its Mountain View, California site. The EPA has issued a Record of Decision with respect to a groundwater cleanup plan at that site. Under the California and U.S. federal Superfund statutes, liability for cleanup of the Mountain View site and adjacent area is joint and several. The Company has reached agreement in principle with those same two companies which should significantly limit the Company's liabilities under the proposed cleanup plan. Also, the Company has completed extensive studies at its other sites and is engaged in cleanup at several of these sites. In the opinion of management, including internal counsel, the potential losses to the Company in excess of amounts already accrued arising out of these matters would not have a material adverse effect on the Company's financial position, even if joint and several liability were to be assessed.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Reference is made to the information regarding market, market price range and dividend information appearing under "Financial Information by Quarter (Unaudited)" on page 31 of the Registrant's Annual Report to Stockholders which information is hereby incorporated by reference.

(b) As of February 25, 1995, there were 43,262 holders of record of the Registrant's Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

Reference is made to the information regarding selected financial data for the fiscal years 1990 through 1994, including the related footnotes, under the heading "Financial Summary" on page 28 of the Registrant's Annual Report to Stockholders, which information is hereby incorporated by reference.

In addition, the ratios of earnings to fixed charges for each of the five years in the period ended December 31, 1994 are as follows:

Fiscal Year

1990	1991	1992	1993	1994
9.2x	12.4x	20.7x	54.4x	39.5x

Fixed charges consist of interest expense and the estimated interest component of rent expense.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reference is made to the information appearing under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 29 through 31 of the Registrant's 1994 Annual Report to Stockholders, which information is hereby incorporated by reference.

Subsequent to December 31, 1994, Intel repurchased 2.0 million shares of Common Stock under the Company's authorized stock repurchase program at a cost of $150 million. The Company also sold 3.5 million put warrants, receiving proceeds of $16 million, while 3.0 million previously outstanding put warrants expired. As of March 22, 1995, the Company had the potential obligation to repurchase 13.0 million shares of Common Stock at an aggregate price of $821 million under outstanding put warrants. After reserving shares to cover these outstanding put warrants, 15.4 million shares remained available under the stock repurchase program authorization.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements of Intel Corporation at December 31, 1994 and December 25, 1993 and for each of the three years in the period ended December 31, 1994 and the Report of Independent Auditors thereon and Intel Corporation's unaudited quarterly financial data for the two-year period ended December 31, 1994 are incorporated by reference from the Registrant's 1994 Annual Report to Stockholders, on pages 14 through 31.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Reference is made to the information regarding Directors and Executive Officers appearing under the headings "Election of Directors" and "Name and Principal Occupation" on pages 1 through 3 of the Registrant's Proxy Statement dated March 14, 1995, which information is hereby incorporated by reference, and to the information under the heading "Executive Officers" in Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information appearing under the headings "Executive Compensation," "Directors' Compensation," and "Compensation Committee Interlocks and Insider Participation," on pages 8 through 11 of the Registrant's Proxy Statement dated March 14, 1995, which information is hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Reference is made to information appearing in the Registrant's Proxy Statement dated March 14, 1995, under the heading "Security Ownership of Certain Beneficial Owners and Management," on pages 13 and 14, which information is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Reference is made to the information appearing under the heading "Certain Relationships and Related Transactions" on page 14 of the Registrant's Proxy Statement dated March 14, 1995, which information is hereby incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The financial statements listed in the accompanying index to financial statements and financial statement schedules are filed or incorporated by reference as part of this annual report.

2. Financial Statement Schedule

The financial statement schedule listed in the accompanying index to financial statements and financial statement schedules is filed as part of this annual report.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this annual report.

(b) Reports on Form 8-K

On December 21, 1994, Intel filed a report on Form 8-K relating to the adoption of an upon-request replacement policy on Pentium processors and a then-unspecified material charge against earnings to be taken in the fourth quarter of 1994.

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES
(Item 14 (a))

Schedules other than the one listed above are omitted for the reason that they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

The consolidated financial statements listed in the above index which are included in the Company's Annual Report to Stockholders are hereby incorporated by reference. With the exception of the pages listed in the above index and the portions of such report referred to in Items 5, 6, 7, and 8 of this Form 10-K, the 1994 Annual Report to Stockholders is not to be deemed filed as part of this report.

Page references to the 1994 Annual Report to Stockholders relate to the bound, printed version of the report.

INTEL CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

December 26, 1992, December 25, 1993 and December 31, 1994
(In Millions)

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions (A)	Balance at End of Year
1992				
Allowance for Doubtful Receivables	$ 9	$29	$12	$26
1993				
Allowance for Doubtful Receivables	$26	$ 4	$ 8	$22
1994				
Allowance for Doubtful Receivables	$22	$10	$--	$32

(A) Uncollectible accounts written off, net of recoveries.

INDEX TO EXHIBITS

(Item 14 (a))

Description

3.1 Intel Corporation Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Registrant's Form 10-Q for the quarter ended June 26, 1993 [Commission File No. 0-6217] as filed on August 10, 1993)

3.2 Intel Corporation Bylaws as amended, (incorporated by reference to Exhibit 3.2 of Registrant's Registration Statement on Form 10-Q for the quarter ended September 25, 1993 [Commission File No. 0-6217] as filed on November 9, 1993).

4.1 Agreement to Provide Instruments Defining the Rights of Security Holders (incorporated by reference to Exhibit 4.1 of Registrant's Form 10-K [Commission File No. 0-6217] as filed on March 28, 1986).

4.2 Indenture dated as of May 1, 1985 among Intel Overseas Corporation, Intel Corporation and Wachovia Bank Trust Company N.A. related to $236,500,000 principal amount of zero coupon notes due 1995 issued by Intel Overseas Corporation and guaranteed by Intel Corporation (incorporated by reference to Exhibit 4.1 of Registrant's Form 10-Q for the quarter ended June 29, 1985 [Commission File No. 0-6217] as filed on August 13, 1985).

4.3 Warrant agreement dated as of March 1, 1993, as amended between the Registrant and Harris Trust and Savings Bank (as successor Warrant Agent) related to the issuance of 1998 Step-Up Warrants to purchase Common Stock of Intel Corporation (incorporated by reference to Exhibit 4.6 of Registrant's Form 10-K [Commission File No. 0-6217] as filed on March 25, 1993), together with the First Amendment to Warrant Agreement dated as of October 18, 1993 and the Second Amendment to Warrant Agreement dated as of January 17, 1994 (incorporated by reference to Exhibit 4.4 of the Registrant's Form 10-K [Commission File No. 0-6217] as filed on March 25, 1994).

10.1* Intel Corporation 1984 Stock Option Plan, as amended and restated (incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended April 2, 1994 [Commission File No. 0-6217] as filed on May 16, 1994).

10.2 Intel Corporation Profit-Sharing Retirement Plan dated April 20, 1990 as amended and restated effective January 1, 1989 (incorporated by reference to Exhibit 10.3 of Registrant's Form 10-K [Commission File No. 0-6217] as filed on March 26, 1992).

10.3 Second Amendment dated March 2, 1992 to Intel Corporation Profit-Sharing Retirement Plan dated April 20, 1990 as amended and restated effective

January 1, 1989 (incorporated by reference to Exhibit 10.4 of Registrant's Form 10-K [Commission File No. 0-6217] as filed on March 26, 1993).

10.4 Intel Corporation Defined Benefit Pension Plan and Trust dated September 7, 1988 as amended (incorporated by reference to Exhibit 10.5 of Registrant's Form 10-K [Commission File No. 0-6217] as filed on March 28, 1990).

10.5* Intel Corporation 1988 Executive Long Term Stock Option Plan as amended and restated (incorporated by reference to Exhibit 10.6 of Form 10-Q for the quarter ended April 2, 1994 [Commission File No. 0-6217] as filed on May 16, 1994).

10.6* Intel Corporation Sheltered Employee Retirement Plan Plus dated December 1, 1991 (incorporated by reference to Exhibit 10.6 of Registrant's Form 10-K [Commission File No. 0-6217] as filed on March 26, 1992).

10.7* Intel Corporation Executive Officer Bonus Plan dated January 1, 1994 (incorporated by reference to Exhibit 10.8 of Registrant's Form 10-K [Commission File No. 0-6217] as filed on March 25, 1994).

11. Computation of Per Share Earnings.

12. Statement Setting Forth the Computation of Ratios of Earnings to Fixed Charges.

13. Portions of the Annual Report to Stockholders for fiscal year ended December 31, 1994 expressly incorporated by reference herein.

21. Intel Subsidiaries.

23. Consent of Ernst & Young LLP, Independent Auditors.

27. Financial Data Schedule.

* Compensation plans or arrangements in which officers and directors are eligible to participate.

SIGNATURESPursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTEL CORPORATION
Registrant By
/s/ F. Thomas Dunlap, Jr.
\- -------------------------
F. Thomas Dunlap, Jr.
Vice President and Secretary
March 24, 1995

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Craig R. Barrett
\- --------------------
Craig R. Barrett
Director
March 24, 1995

/s/ Andy D. Bryant
\- ------------------
Andy D. Bryant
Vice President, Principal
Accounting and Chief Financial Officer
March 24, 1995

/s/ Winston H. Chen
\- -------------------
Winston H. Chen

/s/ Max Palevsky

Max Palevsky
Director
March 24, 1995

/s/ Arthur Rock

Arthur Rock
Director
March 24, 1995

/s/ Jane E. Shaw

Jane E. Shaw
Director

Director
March 24, 1995

/s/ Andrew S. Grove
- -------------------
Andrew S. Grove
Principal Executive Officer
President and Director
March 24, 1995

/s/ D. James Guzy
- ------------------
D. James Guzy
Director
March 24, 1995

/s/ Gordon E. Moore
- -------------------
Gordon E. Moore
Chairman of the Board
March 24, 1995

March 24, 1995

/s/ Leslie L. Vadasz

Leslie L. Vadasz
Director
March 24, 1995

/s/ David B. Yoffie

David B. Yoffie
Director
March 24, 1995

/s/ Charles E. Young

Charles E. Young
Director
March 24, 1995

EXHIBIT 11.1

<TABLE>

INTEL CORPORATION
COMPUTATION OF EARNINGS PER SHARE
(In millions, except per share amounts)

<S>	Year Ended Dec. 26, 1992 <C>	Year Ended Dec. 25, 1993 <C>	Year Ended Dec. 31, 1994 <C>
PRIMARY SHARES CALCULATION			
Reconciliation of weighted average number of shares outstanding to amount used in primary earnings per share computation:			
Weighted average number of shares outstanding	414	418	415
Add-shares issuable from assumed exercise of options and warrants	15	23	22
Weighted average number of shares outstanding as adjusted	429	441	437
FULLY DILUTED SHARES CALCULATION			
Reconciliation of weighted average number of shares outstanding to amount used in fully diluted earnings per share computation:			
Weighted average number of shares outstanding	414	418	415
Add-shares issuable from assumed exercise of options and warrants	17	23	22
Weighted average number of shares outstanding as adjusted	431	441	437
NET INCOME	$1,067	$2,295	$2,288
PRIMARY EARNINGS PER SHARE	$ 2.49	$ 5.20	$ 5.24
FULLY DILUTED EARNINGS PER SHARE(1)	$ 2.48	$ 5.20	$ 5.24

</TABLE>

(1) Earnings per common and common equivalent share presented on the face of the income statement represent primary earnings per share. Dual presentation of primary and fully diluted earnings per share has not been made on the face of the income statement because the differences are insignificant. This exhibit is presented because common stock equivalents represent more than 3% of weighted average common shares outstanding.

EXHIBIT 12.1

INTEL CORPORATION

STATEMENT SETTING FORTH THE COMPUTATION
OF RATIOS OF EARNINGS TO FIXED CHARGES FOR INTEL CORPORATION

(In millions, except ratios)

<TABLE>

	Years Ended				
	Dec. 29, 1990	Dec. 28, 1991	Dec. 26, 1992	Dec. 25, 1993	Dec. 31, 1994
<S>	<C>	<C>	<C>	<C>	<C>
Income before taxes	$986	$1,195	$1,569	$3,530	$3,603
Add - Fixed charges net of capitalized interest	117	98	68	58	73
Income before taxes and fixed charges (net of capitalized interest)	$1,103	$1,293	$1,637	$3,588	$3,676
Fixed charges:					
Interest*	$ 99	$ 82	$ 54	$ 50	$ 57
Capitalized interest	3	6	11	8	27
Estimated interest component of rental expense	18	16	14	8	9
Total	$ 120	$ 104	$ 79	$ 66	$ 93
Ratio of earnings before taxes and fixed charges, to fixed charges	9.2x	12.4x	20.7x	54.4x	39.5x

</TABLE>

* Interest expense includes the amortization of underwriting fees for the relevant periods outstanding.

Exhibit 13

PAGE 1

CONSOLIDATED STATEMENTS OF INCOME
Three years ended December 31, 1994

<TABLE>

(In millions--except per share amounts)	1994	1993	1992
<S>	<C>	<C>	<C>
Net revenues	$11,521	$ 8,782	$ 5,844
Cost of sales	5,576	3,252	2,557
Research and development	1,111	970	780
Marketing, general and administrative	1,447	1,168	1,017
Operating costs and expenses	8,134	5,390	4,354
Operating income	3,387	3,392	1,490
Interest expense	(57)	(50)	(54)
Interest income and other, net	273	188	133
Income before taxes	3,603	3,530	1,569
Provision for taxes	1,315	1,235	502
Net income	$ 2,288	$ 2,295	$ 1,067
Earnings per common and common equivalent share	$ 5.24	$ 5.20	$ 2.49
Weighted average common and common equivalent shares outstanding	437	441	429

</TABLE>

See accompanying notes.

PAGE 2

CONSOLIDATED BALANCE SHEETS
December 31, 1994 and December 25, 1993

<TABLE>

(In millions--except per share amounts)	1994	1993
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	$ 1,180	$ 1,659
Short-term investments	1,230	1,477
Accounts receivable, net of allowance for doubtful accounts of $32 ($22 in 1993)	1,978	1,448
Inventories	1,169	838
Deferred tax assets	552	310
Other current assets	58	70
Total current assets	6,167	5,802
Property, plant and equipment:		
Land and buildings	2,292	1,848
Machinery and equipment	5,374	4,148
Construction in progress	850	317
	8,516	6,313
Less accumulated depreciation	3,149	2,317
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
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$ 517	$ 399
Long-term debt redeemable within one year	--	98
Accounts payable	575	427
Deferred income on shipments to distributors	269	200
Accrued compensation and benefits	588	544
Other accrued liabilities	646	374
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
Commitments and contingencies		

Stockholders' equity:

	1994	1993
Preferred Stock, $.001 par value, 50 shares authorized; none issued	--	--
Common Stock, $.001 par value, 1,400 shares authorized; 413 issued and outstanding in 1994 (418 in 1993) 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>
See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Three years ended December 31, 1994

<TABLE>

(In millions)	1994	1993	1992
<S>	<C>	<C>	<C>
Cash and cash equivalents, beginning of year	$ 1,659	$ 1,843	$ 1,519
Cash flows provided by (used for) operating activities:			
Net income	2,288	2,295	1,067
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation	1,028	717	518
Net loss on retirements of property, plant and equipment	42	36	57
Amortization of debt discount	19	17	16
Change in deferred tax assets and liabilities	(150)	12	13
Changes in assets and liabilities:			
(Increase) in accounts receivable	(530)	(379)	(371)
(Increase) in inventories	(331)	(303)	(113)
(Increase) in other assets	(13)	(68)	(61)
Increase in accounts payable	148	146	112
Tax benefit from employee stock plans	61	68	55
Increase in income taxes payable	38	32	207
Increase in accrued compensation and benefits	44	109	66
Increase in other liabilities	337	119	70
Total adjustments	693	506	569
Net cash provided by operating activities	2,981	2,801	1,636
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(2,441)	(1,933)	(1,228)
Purchases of long-term, available-for-sale investments	(975)	(1,165)	(293)
Sales of long-term, available-for-sale investments	10	5	13
Maturities and other changes in available-for-sale investments, net	503	(244)	28
Net cash (used for) investing activities	(2,903)	(3,337)	(1,480)
Cash flows provided by (used for) financing activities:			
(Decrease) increase in short-term debt, net	(63)	197	29
Additions to long-term debt	128	148	--
Retirement of long-term debt	(98)	--	(20)
Proceeds from sales of shares through employee stock plans and other	150	133	138
Proceeds from sale of Step-Up Warrants, net	--	287	--
Proceeds from sales of put warrants, net of repurchases	76	62	42
Repurchase and retirement of Common Stock	(658)	(391)	--
Payment of dividends to stockholders	(92)	(84)	(21)
Net cash provided by (used for) financing activities	(557)	352	168
Net (decrease) increase in cash and cash equivalents	(479)	(184)	324
Cash and cash equivalents, end of year	$ 1,180	$ 1,659	$ 1,843
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 76	$ 39	$ 32
Income taxes	$ 1,366	$ 1,123	$ 227

</TABLE>
Certain amounts reported in previous years have been reclassified to conform to the 1994 presentation. See accompanying notes.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Three years ended December 31, 1994

<TABLE>

(In millions)	Common Stock and capital in excess of par value: Number of shares	Amount	Retained earnings	Total
<S>	<C>	<C>	<C>	<C>
Balance at December 28, 1991	408	$ 1,641	$ 2,777	$ 4,418
Proceeds from sales of shares through employee stock plans, tax benefit of $55 and other	11	193	--	193
Proceeds from sales of put warrants, net of repurchases	--	42	--	42
Reclassification of put warrant obligation, net		(100)	(133)	(233)
Cash dividends declared ($.10 per share)	--	--	(42)	(42)
Net income	--	--	1,067	1,067
Balance at December 26, 1992	419	1,776	3,669	5,445
Proceeds from sales of shares through employee stock plans, tax benefit of $68 and other	6	201	--	201
Proceeds from sales of put warrants	--	62	--	62
Reclassification of put warrant obligation, net	--	(37)	(278)	(315)
Proceeds from sale of Step-Up Warrants	--	287	--	287
Repurchase and retirement of Common Stock	(7)	(95)	(296)	(391)
Cash dividends declared ($.20 per share)	--	--	(84)	(84)
Net income	--	--	2,295	2,295
Balance at December 25, 1993	418	2,194	5,306	7,500
Proceeds from sales of shares through employee stock plans, tax benefit of $61 and other	6	215	--	215
Proceeds from sales of put warrants	--	76	--	76
Reclassification of put warrant obligation, net	--	(15)	(106)	(121)
Repurchase and retirement of Common Stock	(11)	(164)	(429)	(593)
Redemption of Common Stock Purchase Rights	--	--	(2)	(2)
Cash dividends declared ($.23 per share)	--	--	(96)	(96)
Net income	--	--	2,288	2,288
Balance at December 31, 1994	413	$ 2,306	$ 6,961	$ 9,267

</TABLE>
See accompanying notes.

ACCOUNTING POLICIES

FISCAL YEAR. Intel Corporation ("Intel" or "the Company") has a fiscal year that ends the last Saturday in December. Fiscal 1994 was a 53-week year and ended on December 31, 1994. Fiscal 1993 and 1992, each 52-week years, ended on December 25 and 26, respectively. The next 53-week year will end on December 30, 2000.

BASIS OF PRESENTATION. The consolidated financial statements include the accounts of Intel and its wholly owned subsidiaries. Significant intercompany accounts and transactions have been eliminated. Accounts denominated in foreign currencies have been remeasured into the functional currency in accordance with Statement of Financial Accounting Standards (SFAS) No. 52, "Foreign Currency Translation," using the U.S. dollar as the functional currency.

CASH AND CASH EQUIVALENTS. Cash and cash equivalents are highly liquid investments with insignificant interest rate risk and original maturities of three months or less.

INVESTMENTS. In 1994, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective as of the beginning of fiscal 1994. This adoption had no material effect on the Company's financial statements. All of the Company's short- and long-term investments are classified as available-for-sale as of the balance sheet date and are reported at fair value, with unrealized gains and losses recorded as a component of stockholders' equity.

FAIR VALUES OF FINANCIAL INSTRUMENTS. Fair values of cash and cash equivalents, short-term investments and short-term debt approximate cost due to the short period of time to maturity. Fair values of long-term investments, long-term debt, swaps, currency forward contracts and currency options are based on quoted market prices or pricing models using current market rates.

INVENTORIES. Inventories are stated at the lower of cost or market. Cost is computed on a currently adjusted standard basis (which approximates actual cost on a current average or first-in, first-out basis). Inventories at fiscal year-ends are as follows:

<TABLE>

(In millions)	1994	1993
<S>	<C>	<C>
Materials and purchased parts	$ 345	$ 216
Work in process	528	321
Finished goods	296	301
Total	$1,169	$ 838

</TABLE>

PROPERTY, PLANT AND EQUIPMENT. Property, plant and equipment are stated at cost. Depreciation is computed for financial reporting purposes principally by use of the straight-line method over the following estimated useful lives: machinery and equipment, 2-4 years; land and buildings, 4-45 years.

DEFERRED INCOME ON SHIPMENTS TO DISTRIBUTORS. Certain of the Company's sales are made to distributors under agreements allowing price protection and/or right of return on merchandise unsold by the distributors. Because of frequent sales price reductions and rapid technological obsolescence in the industry, Intel defers recognition of such sales until the merchandise is sold by the distributors.

INTEREST. Interest as well as gains and losses related to contractual agreements to hedge certain investment positions and debt (see "Derivative financial instruments") are recorded as net interest income or expense on a monthly basis. Interest expense capitalized as a component of construction costs was $27 million, $8 million and $11 million for 1994, 1993 and 1992, respectively.

ACCOUNTING FOR INCOME TAXES. In 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," effective as of the beginning of fiscal 1993. This adoption had no material effect on Intel's financial statements. Prior years were accounted for under SFAS No. 96 and have not been restated.

EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE. Earnings per common and common equivalent share are computed using the weighted average number of outstanding common and dilutive common equivalent shares outstanding. Fully diluted earnings per share have not been presented as part of the consolidated statements of income because the differences are insignificant.

COMMON STOCK

COMMON STOCK PURCHASE RIGHTS. At the Company's Annual Meeting of Stockholders in May 1994, stockholders approved a proposal to redeem the Common Stock Purchase Rights (the "Rights") issued in 1989. A one-time payment of $.005 per share was paid to stockholders in September 1994 to redeem the Rights.

1998 STEP-UP WARRANTS. In 1993, the Company issued 20 million 1998 Step-Up Warrants to purchase 20 million shares of Common Stock. This transaction resulted in an increase of $287 million in Common Stock and capital in excess of par value, representing net proceeds from the offering. The Warrants became exercisable in May 1993 at an effective price of $71.50 per share of Common Stock, subject to annual increases to a maximum price of $83.50 per share effective in March 1997. As of December 31, 1994, the Warrants are exercisable at a price of $74.50 and expire on March 14, 1998 if not previously exercised. At prevailing market prices for Intel's Common Stock, there is no dilutive effect on earnings per share for the periods presented.

STOCK REPURCHASE PROGRAM. In 1990, the Board of Directors authorized the repurchase of up to 40 million shares of Intel's Common Stock in open market or negotiated transactions. The Board increased this authorization to a maximum of 55 million shares in July 1994. During 1994, the Company repurchased and retired 10.9 million shares (7.3 million shares in 1993) at a cost of $658 million ($391 million in 1993). The 1994 amounts include 1.0 million shares repurchased for $65 million in connection with the exercise of put warrants (see "Put warrants"). As of December 31, 1994, after reserving shares to cover outstanding put warrants, 17.9 million shares remained available under the repurchase authorization.

PUT WARRANTS

In a series of private placements from 1991 through 1994, the Company sold put warrants that entitle the holder of each warrant to sell one share of Common Stock to the Company at a specified price. Activity during the past three years is summarized as follows:

<TABLE>

		Put warrants outstanding	
(In millions)	Cumulative premium received (paid)	Number of warrants	Potential obligation

<S>	<C>	<C>	<C>
December 28, 1991	$ 14	7.0	$ 140
Sales	43	14.0	373
Repurchases	(1)	(5.2)	(104)
Expirations	--	(1.8)	(36)
	------	------	------
December 26, 1992	56	14.0	373
Sales	62	10.8	561
Expirations	--	(10.0)	(246)
	------	------	------
December 25, 1993	118	14.8	688
Sales	76	12.5	744
Exercises	--	(1.0)	(65)
Expirations	--	(13.8)	(623)
	------	------	------
December 31, 1994	$ 194	12.5	$ 744
	======	======	======

</TABLE>
The amount related to Intel's potential repurchase obligation has been reclassified from stockholders' equity to put warrants. The 12.5 million put warrants outstanding at December 31, 1994 expire on various dates between February 1995 and December 1995 and have exercise prices ranging from $55 to $63 per share. There was no effect on earnings per share for the periods presented. During 1994, in connection with the exercise of 1.0 million put warrants, the Company repurchased and retired 1.0 million shares of Common Stock at a cost of $65 million (see "Stock repurchase program").

BORROWINGS

SHORT-TERM DEBT. Short-term debt and weighted average interest rates at fiscal year-ends are as follows:

<TABLE>

	1994		1993	
(In millions)	Balance	Weighted average interest rate	Balance	Weighted average interest rate
<S>	<C>	<C>	<C>	<C>
Borrowed under lines of credit	$ 68	3.2%	$ 85	5.8%
Reverse repurchase agreements	99	8.0%	197	7.9%
Notes payable	5	4.7%	2	3.4%
Short-term portion of long-term debt	179	11.8%	--	--
Drafts payable	166	N/A	115	N/A
	------	------	------	------
Total	$ 517		$ 399	
	======	======	======	======

</TABLE>
At December 31, 1994, the Company had established foreign and domestic lines of credit of approximately $1,040 million. The Company generally renegotiates these lines annually. Compensating balance requirements are not material.

The Company also borrows under commercial paper programs. Maximum borrowings reached $700 million during both 1994 and 1993. This debt is rated A1+ by Standard and Poor's and P1 by Moody's. Proceeds are used to fund short-term working capital needs.

LONG-TERM DEBT. Long-term debt at fiscal year-ends is as follows:

<TABLE>

(In millions)	1994	1993
<S>	<C>	<C>
Payable in U.S. dollars:		
AFICA Bonds due 2013 at 4%	$ 110	$ 110
Zero Coupon Notes due 1995 at 11.8%, net of unamortized discount of $8 ($27 in 1993)	179	160
8 1/8% Notes due 1997	--	98
Other U.S. dollar debt	4	6
Payable in other currencies:		
Irish punt due 2008-2024 at 6%-12%	228	146
Greek drachma due 2001	46	--
Other foreign currency debt	4	4
(Less short-term or redeemable portion)	(179)	(98)
	------	------
Total	$ 392	$ 426
	======	======

</TABLE>
The Company has guaranteed repayment of principal and interest on the AFICA Bonds which were issued by the Puerto Rico Industrial, Medical and Environmental Pollution Control Facilities Financing Authority (AFICA). The bonds are adjustable and redeemable at the option of either the Company or the

bondholder every five years through 2013 and are next adjustable and redeemable in 1998. The 8 1/8% notes were called and repurchased by the Company during 1994 for $98 million. The Irish punt borrowings were made in connection with the financing of a factory in Ireland, and Intel has invested the proceeds in Irish punt denominated instruments of similar maturity to hedge foreign currency and interest rate exposures. The Greek drachma borrowings were made under a tax incentive program in Ireland, and the proceeds and cash flows have been swapped to U.S. dollars.

In 1993, the Company filed a shelf registration statement with the SEC. When combined with previous registration statements, this filing gave Intel the authority to issue up to $3.3 billion in the aggregate of Common Stock, Preferred Stock, depositary shares, debt securities and warrants to purchase the Company's Common Stock, Preferred Stock and debt securities, and, subject to certain limits, stock index warrants and foreign currency exchange units. In 1993, Intel completed an offering of Step-Up Warrants (see "1998 Step-Up Warrants") and may issue up to $1.4 billion in additional securities under open registration statements.

As of December 31, 1994, aggregate debt maturities are as follows: 1995-$187 million; 1996-none; 1997-none; 1998-$110 million; and thereafter-$282 million.

INVESTMENTS

The Company's policy is to protect the value of the investment portfolio by minimizing principal risk and earning returns based on current interest rates. All hedged equity and a majority of investments in long-term fixed rate debt securities are swapped to U.S. dollar LIBOR-based returns. The currency risks of investments denominated in foreign currencies are hedged with foreign currency borrowings, currency forward contracts or currency interest rate swaps (see "Derivative financial instruments"). Investments with maturities of greater than one year are classified as long term. There were no material proceeds, gross realized gains or gross realized losses from sales of securities during the year.

Investments with maturities of greater than six months consist primarily of A/A2 or better rated financial instruments and counterparties. Investments with maturities of up to six months consist primarily of A1/P1 or better rated financial instruments and counterparties. Foreign government regulations imposed upon investment alternatives of foreign subsidiaries or the absence of A/A2 rated counterparties in certain countries result in some minor exceptions. Intel's practice is to obtain and secure collateral from counterparties against obligations whenever deemed appropriate. At December 31, 1994, investments were placed with approximately 100 different counterparties, and no individual security, financial institution or issuer exceeded 10% of total investments.

Investments at December 31, 1994 are comprised of the following:

<TABLE>

(In millions)	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
<S>	<C>	<C>	<C>	<C>
Securities of foreign governments	$ 518	$ 2	$ (7)	$ 513
Floating rate notes	488	1	(1)	488
Corporate bonds	440	12	(14)	438
Loan participations	200	6	(2)	204
Collateralized mortgage obligations	170	--	(4)	166
Fixed rate notes	167	1	(2)	166
Commercial paper	134	--	--	134
Other debt securities	439	--	(5)	434
Total debt securities	2,556	22	(35)	2,543
Hedged equity	431	--	(58)	373
Preferred stock and other equity	368	20	(16)	372
Total equity securities	799	20	(74)	745
Swaps hedging debt securities	--	22	(14)	8
Swaps hedging equity securities	--	60	--	60
Currency forward contracts hedging debt securities	--	1	--	1
Total available-for-sale securities	$3,355	$ 125	$ (123)	$3,357

</TABLE>

At December 31, 1994, the Company also holds $930 million of available-for-sale investments in other debt securities that are classified as cash and equivalents on the balance sheet.

The amortized cost and estimated fair value of investments in debt securities at December 31, 1994, by contractual maturity, are as follows:

(In millions)	Cost	Estimated fair value
Due in 1 year or less	$1,144	$1,144
Due in 1-2 years	515	512
Due in 2-5 years	642	635
Due after 5 years	255	252
Total investments in debt securities	$2,556	$2,543

DERIVATIVE FINANCIAL INSTRUMENTS
As part of its ongoing asset and liability management activities, the Company enters into derivative financial instruments to reduce financial market risks. These instruments are used to hedge foreign currency, equity market and interest rate exposures of underlying assets, liabilities and other obligations. These instruments involve elements of market risk which offset the market risk of the underlying assets and liabilities they hedge. The Company does not enter into derivative financial instruments for trading purposes. Notional amounts for derivatives at fiscal year-ends are as follows:

(In millions)	1994	1993
Swaps hedging investments in debt securities	$1,080	$ 809
Swaps hedging investments in equity securities	$ 567	$ 260
Swaps hedging debt	$ 155	$ 110
Currency forward contracts	$ 784	$ 620
Currency options	$ 10	$ 28

While the contract or notional amounts provide one measure of the volume of these transactions, they do not represent the amount of the Company's exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of counterparties to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparties' obligations exceed the obligations of the Company. The Company controls credit risk through credit approvals, limits and monitoring procedures. Credit rating criteria for off-balance-sheet transactions are similar to those for investments.

SWAP AGREEMENTS. The Company enters into swap agreements to exchange the foreign currency, equity market, and fixed interest rate exposures of its investment and debt portfolios for a floating interest rate. The floating rates on swaps are based primarily on U.S. dollar LIBOR and reset on a monthly, quarterly or semiannual basis.

Weighted average pay and receive rates, average maturities, and range of maturities on swaps at December 31, 1994 are as follows:

	Weighted average pay rate	Weighted average receive rate	Weighted average maturity	Range of maturities
Swaps hedging investments in U.S. dollar debt securities	6.7%	6.0%	1.2 years	0-4 years
Swaps hedging investments in foreign currency debt securities	10.8%	8.2%	1.8 years	0-3 years
Swaps hedging investments in equity securities	N/A	5.5%	2.1 years	0-3 years
Swaps hedging debt	6.1%	5.2%	4.9 years	4-7 years

Pay rates on swaps hedging investments in debt securities generally match the yields on the underlying investments they hedge. Payments on swaps hedging investments in equity securities generally match the equity returns on the underlying investments they hedge. Receive rates on swaps hedging debt generally match the expense on the underlying debt they hedge. Maturity dates of swaps generally match those of the underlying investment or the debt they hedge. There is approximately a one-to-one matching of investments and debt to swaps. Swap agreements generally remain in effect until expiration. Income or expense on swaps is accrued as an adjustment to the yield of the related investments or debt they hedge.

OTHER FOREIGN CURRENCY INSTRUMENTS. Intel transacts business in various foreign currencies, primarily Japanese yen and certain European currencies. The Company enters into currency forward and option contracts to hedge foreign exchange risk. The Company also periodically enters into currency option contracts to hedge certain anticipated revenue and purchases for which it does not have a firm commitment. The maturities on most of these foreign currency instruments are less than 12 months. Any gains or losses on these instruments are recognized in accordance with SFAS Nos. 52 and 80. Deferred gains or losses attributable to foreign currency instruments are not material.

FAIR VALUES OF FINANCIAL INSTRUMENTS
The estimated fair values of financial instruments at fiscal year-ends are as follows:

<TABLE>

	1994		1993	
(In millions)	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
<S>	<C>	<C>	<C>	<C>
Cash and cash equivalents	$ 1,180	$ 1,180	$ 1,659	$ 1,659
Short-term investments	1,230	1,230	1,477	1,477
Long-term investments	2,058	2,058	1,416	1,412
Swaps hedging investments in debt securities	8	8	--	--
Swaps hedging investments in equity securities	60	60	--	--
Short-term debt	(517)	(517)	(399)	(399)
Long-term debt	(392)	(384)	(426)	(436)
Swaps hedging debt	--	(12)	--	--
Currency forward contracts	1	5	--	9
Currency options	--	--	--	--
Total	$3,628	$3,628	$3,727	$3,722

</TABLE>

CONCENTRATIONS OF CREDIT RISK
Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of investments and trade receivables. Intel places its investments with high-credit-quality counterparties and, by policy, limits the amount of credit exposure to any one counterparty. A majority of the Company's trade receivables are derived from sales to manufacturers of microcomputer systems, with the remainder spread across various other industries. The Company keeps pace with the evolving computer industry and has adopted credit policies and standards to accommodate the industry's growth and inherent risk. Management believes that any risk of accounting loss is significantly reduced due to the diversity of its products, end customers and geographic sales areas. Intel performs ongoing credit evaluations of its customers' financial condition and requires collateral, such as letters of credit and bank guarantees, whenever deemed necessary.

INTEREST INCOME AND OTHER

<TABLE>

(In millions)	1994	1993	1992
<S>	<C>	<C>	<C>
Interest income	$235	$155	$141
Foreign currency gains (losses)	15	--	(1)
Other income (loss)	23	33	(7)
Total	$273	$188	$133

</TABLE>

Other income for 1994 included non-recurring gains from the settlement of various insurance claims. Other income for 1993 included non-recurring gains from the sale of certain foreign benefits related to the Company's Irish expansion and dividend income earned on equity investments. Other loss for 1992 included a provision to cover the Company's liability for damages payable under an arbitration decision, partially offset by income from incentive credits.

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PROVISION FOR TAXES
Income before taxes and the provision for taxes consisted of the following:

<TABLE>

(In millions)	1994	1993	1992
<S>	<C>	<C>	<C>
Income before taxes:			

U.S.	$2,460	$2,587	$ 924
Foreign	1,143	943	645
Total income before taxes:	$3,603	$3,530	$1,569
Provision for taxes:			
Federal:			
Current	$1,169	$ 946	$ 339
Deferred	(178)	35	6
	991	981	345
State:			
Current	162	150	71
Foreign:			
Current	134	127	79
Deferred	28	(23)	7
	162	104	86
Total provision for taxes	$1,315	$1,235	$ 502
Effective tax rate	36.5%	35.0%	32.0%

</TABLE>

The tax benefit associated with dispositions from employee stock plans reduced taxes currently payable for 1994 by $61 million and for 1993 by $68 million. Such benefits are credited to Common Stock and capital in excess of par value when realized.

The provision for taxes reconciles to the amount computed by applying the statutory U.S. federal rate of 35% for 1994 (35% for 1993 and 34% for 1992) to income before taxes as follows:

<TABLE>

(In millions)	1994	1993	1992
<S>	<C>	<C>	<C>
Computed expected tax	$1,261	$1,235	$ 533
State taxes, net of federal benefits	105	98	47
Research and experimental credit	(11)	(23)	(7)
Foreign sales corporation benefit	(50)	(46)	(36)
Provision for combined foreign and U.S. taxes on certain foreign income at rates (less) greater than U.S. rate	(37)	1	(17)
Other	47	(30)	(18)
Provision for taxes	$1,315	$1,235	$ 502

</TABLE>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at fiscal year-ends are as follows:

<TABLE>

(In millions)	1994	1993
<S>	<C>	<C>
Deferred tax assets:		
Accrued compensation and other benefits	$ 49	$ 44
Accrued advertising	17	18
Deferred income	127	76
Inventory valuation and related reserves	255	77
Interest and taxes	54	72
Other, net	50	23
	552	310
Deferred tax liabilities:		
Depreciation	(338)	(245)
Unremitted earnings of certain subsidiaries	(51)	(52)
	(389)	(297)
Net deferred tax asset	$ 163	$ 13

</TABLE>

During 1992, in accordance with SFAS No. 96, deferred income taxes were provided for significant temporary differences. The principal items making up the 1992 deferred tax expense included $42 million for depreciation reduced by $18 million for inventory valuation and other reserves, and $12 million of other items.

The Company's U.S. income tax returns for the years 1978 through 1987 have been examined by the Internal Revenue Service (IRS). In 1989, the Company received a notice of proposed deficiencies from the IRS totaling $36 million, exclusive of penalties and interest, for the years 1978 through 1982. These proposed deficiencies relate primarily to operations in Puerto Rico. In 1989, the Company filed a petition in the U.S. Tax Court contesting these proposed deficiencies and subsequently reached settlement of certain issues with the IRS. In 1993, the U.S. Tax Court ruled in favor of the Company on the export source issue and for the IRS on another, smaller issue. The IRS has appealed the decision to the United States Court of Appeals for the Ninth Circuit, and the Company has filed a cross-appeal of the decision.

The Company has also received an examination report for the years 1983 through 1987. Intel has lodged a protest, which relates solely to the export source issue referenced above, to the IRS Appeals Office, but no decisions have been reached.

The Company's U.S. income tax returns for the years 1988 through 1990 are presently under examination by the IRS. Final proposed adjustments have not yet been received for these years. Management believes that adequate amounts of tax and related interest and penalties, if any, have been provided for any adjustments that may result from unsettled portions of the 1978-1987 cases or the years now under examination.

EMPLOYEE BENEFIT PLANS

STOCK OPTION PLANS. Intel has stock option plans (hereafter referred to as the EOP Plans) under which officers, key employees and non-employee directors may be granted options to purchase shares of the Company's authorized but unissued Common Stock. The Company also has an Executive Long-Term Stock Option Plan (ELTSOP) under which certain key executive officers may be granted options to purchase shares of the Company's authorized but unissued Common Stock. Under all plans, the option purchase price is not less than fair market value at the date of grant.

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Options currently expire no later than ten years from the grant date. Proceeds received by the Company from exercises are credited to Common Stock and capital in excess of par value. Additional information on EOP Plan activity is as follows:

<TABLE>

(In millions)	Shares available for options	Outstanding options: Number of shares	Outstanding options: Aggregate price
<S>	<C>	<C>	<C>
December 28, 1991	38.1	39.0	$ 585
Grants	(7.3)	7.3	195
Exercises	--	(7.6)	(78)
Cancellations	1.9	(1.9)	(33)
December 26, 1992	32.7	36.8	669
Grants	(7.6)	7.6	357
Exercises	--	(4.5)	(56)
Cancellations	0.9	(0.9)	(24)
December 25, 1993	26.0	39.0	946
Grants	(6.0)	6.0	397
Exercises	--	(4.1)	(54)
Cancellations	0.8	(0.8)	(33)
December 31, 1994	20.8	40.1	$1,256
Options exercisable at:			
December 26, 1992		9.8	$ 109
December 25, 1993		10.2	$ 135
December 31, 1994		13.1	$ 198

</TABLE>

The range of exercise prices for options outstanding at December 31, 1994 was $6.08 to $72.25. These options expire if not exercised at specific dates ranging from January 1995 to December 2004. Prices for options exercised during the three-year period ended December 31, 1994 ranged from $3.52 to $58.78. Activity for the ELTSOP Plan is summarized below:

<TABLE>

(In millions)	Shares available for options	Outstanding options: Number of shares	Outstanding options: Aggregate price
<S>	<C>	<C>	<C>
December 28, 1991	6.4	3.5	$ 51

Exercises	--	(0.3)	(4)
Cancellations	0.2	(0.2)	(3)
December 26, 1992	6.6	3.0	44
Grants	(0.2)	0.2	11
Exercises	--	(0.4)	(6)
December 25, 1993	6.4	2.8	49
Exercises	--	(0.3)	(4)
December 31, 1994	6.4	2.5	$ 45
Options exercisable at:			
December 26, 1992		0.5	$ 7
December 25, 1993		0.7	$ 11
December 31, 1994		1.3	$ 19

</TABLE>

The exercise prices of options outstanding at December 31, 1994 ranged from $14.63 to $54.63. These options expire if not exercised at specific dates ranging from April 1999 to July 2003. The price range for options exercised during the three-year period ended December 31, 1994 was $14.63 to $14.69.

STOCK PARTICIPATION PLAN. Under this plan, qualified employees may purchase shares of Intel's Common Stock at 85% of fair market value at specific, predetermined dates. Of the 59.0 million shares authorized to be issued under the plan, 15.4 million shares are available for issuance at December 31, 1994. Employees purchased 2.0 million shares in 1994 (2.2 million and 2.6 million in 1993 and 1992, respectively) for $94 million ($71 million and $57 million in 1993 and 1992, respectively).

RETIREMENT PLANS. The Company provides profit-sharing retirement plans (the "Profit-Sharing Plans") for the benefit of qualified employees in the U.S. and Puerto Rico. The plans are designed to provide employees with an accumulation of funds at retirement and provide for annual discretionary contributions to trust funds.

The Company also provides a non-qualified profit-sharing retirement plan (the "Non-Qualified Plan") for the benefit of qualified employees in the U.S. This plan is designed to permit certain discretionary employer contributions in excess of the tax limits applicable to the profit-sharing retirement plans discussed above and to permit certain employee deferrals in excess of certain tax limits. This plan is intended to be an unfunded plan.

The Company accrued $152 million for the Profit-Sharing Plans and the Non-Qualified Plan in 1994 ($103 million in 1993 and $93 million in 1992). Of the $152 million accrued in 1994, the Company expects to fund approximately $126 million for the 1994 contribution to the Profit-Sharing Plans and to allocate approximately $5 million for the Non-Qualified Plan. The remainder, plus approximately $120 million carried forward from prior years, is expected to be contributed to these plans when allowable under IRS regulations and plan rules.

Contributions made by the Company vest based on the employee's years of service. Vesting begins after three years of service in 20% annual increments until the employee is 100% vested after seven years.

The Company provides qualified defined benefit pension plans for the benefit of qualified employees in the U.S. and Puerto Rico. Each plan provides for minimum pension benefits, which are determined by a participant's years of service, final average compensation (taking into account the participant's social security wage base), and the value of the Company's contributions, plus earnings, in the Profit-Sharing Plan. If the balance in the participant's Profit-Sharing Plan exceeds the pension guarantee, the participant will receive benefits from the Profit-Sharing Plan only. Intel's funding policy is consistent with the funding requirements of federal laws and regulations.

Pension expense for 1994, 1993 and 1992 for the U.S. and Puerto Rico plans was less than $1 million per year, and no component of expense exceeded $1 million. The funded status of these plans as of December 31, 1994 and December 25, 1993 is as follows:

<TABLE>

(In millions)	1994	1993
<S>	<C>	<C>
Vested benefit obligation	$ (3)	$ (2)
Accumulated benefit obligation	$ (3)	$ (2)
Projected benefit obligation	$ (5)	$ (8)
Fair market value of plan assets	6	6
Projected benefit obligation less than (in excess of) plan assets	1	(2)

Unrecognized net (gain)	(12)	(10)
Unrecognized prior service cost	4	5
Accrued pension costs	$ (7)	$ (7)

</TABLE>

At fiscal year-ends, the weighted average discount rates and long-term rates for compensation increases used for estimating the benefit obligations and the expected return on plan assets are as follows:

<TABLE>

	1994	1993	1992
<S>	<C>	<C>	<C>
Discount rate	8.5%	7.0%	8.5%
Rate of increase in compensation levels	5.5%	5.0%	5.5%
Expected long-term return on assets	8.5%	8.5%	8.5%

</TABLE>

Plan assets of the U.S. and Puerto Rico plans consist primarily of listed stocks and bonds, repurchase agreements, money market securities, U.S. government securities and stock index derivatives.

The Company provides defined-benefit pension plans in certain foreign countries where required by statute. The Company's funding policy for foreign defined-benefit plans is consistent with the local requirements in each country. Pension expense for 1994, 1993 and 1992 for the foreign plans included the following:

<TABLE>

(In millions)	1994	1993	1992
<S>	<C>	<C>	<C>
Service cost-benefits earned during the year	$ 5	$ 5	$ 5
Interest cost of projected benefit obligation	5	6	5
Actual investment (return) on plan assets	(8)	(7)	--
Net amortization and deferral	3	2	(5)
Net pension expense	$ 5	$ 6	$ 5

</TABLE>

The funded status of the foreign defined-benefit plans as of December 31, 1994 and December 25, 1993 is summarized below:

<TABLE>

1994 (In millions)	Assets exceed accumulated benefits	Accumulated benefits exceed assets
<S>	<C>	<C>
Vested benefit obligation	$ (32)	$ (4)
Accumulated benefit obligation	$ (34)	$ (9)
Projected benefit obligation	$ (49)	$ (16)
Fair market value of plan assets	51	3
Projected benefit obligation less than (in excess of) plan assets	2	(13)
Unrecognized net loss	2	2
Unrecognized net transition obligation	--	1
Prepaid (accrued) pension costs	$ 4	$ (10)

</TABLE>

<TABLE>

1993 (In millions)	Assets exceed accumulated benefits	Accumulated benefits exceed assets
<S>	<C>	<C>
Vested benefit obligation	$ (27)	$ (3)
Accumulated benefit obligation	$ (28)	$ (7)
Projected benefit obligation	$ (39)	$ (12)
Fair market value of plan assets	41	2

Projected benefit obligation less than (in excess of) plan assets	2	(10)
Unrecognized net transition obligation	--	1
Prepaid (accrued) pension costs	$ 2	$ (9)

</TABLE>

At fiscal year-ends, the weighted average discount rates and long-term rates for compensation increases used for estimating the benefit obligations and the expected return on plan assets are as follows:
<TABLE>

<S>	1994 <C>	1993 <C>	1992 <C>
Discount rate	5.5%-14%	5.5%-14%	5.5%-24%
Rate of increase in compensation levels	4.5%-11%	4.5%-11%	4.5%-18%
Expected long-term return on assets	5.5%-14%	5.5%-14%	5.5%-24%

</TABLE>

Plan assets of the foreign plans consist primarily of listed stocks, bonds and cash surrender value life insurance policies.

OTHER POSTEMPLOYMENT BENEFITS. As of December 31, 1994, Intel does not offer the types of benefits covered by SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and thus is not affected by this statement. SFAS No. 112, "Employers' Accounting for Postemployment Benefits," does not materially impact the Company.

COMMITMENTS

The Company leases a portion of its capital equipment and certain of its facilities under leases which expire at various dates through 2003. Rental expense was $38 million in 1994, $35 million in 1993 and $39 million in 1992. Minimum rental commitments under all non-cancelable leases with an initial term in excess of one year are payable as follows: 1995-$16 million; 1996-$14 million; 1997-$11 million; 1998-$8 million; 1999-$5 million; 2000 and beyond-$8 million. Commitments for construction or purchase of property, plant and equipment approximate $1,406 million at December 31, 1994. In connection with certain contract manufacturing arrangements, Intel has minimum purchase commitments of approximately $150 million at December 31, 1994 for flash memories intended for sale.

CONTINGENCIES

In 1991, the Company was sued by Advanced Micro Devices, Inc. (AMD) in the U.S. District Court for the Northern District of California, alleging violations of U.S. antitrust laws and claiming $2 billion damages and requesting treble damages under the antitrust laws. On January 11, 1995, in connection with the settlement of various legal matters between the two companies, the parties agreed to dismiss all claims, counterclaims and defenses raised in this action.

During late 1994, numerous civil lawsuits were filed in the U.S. District Court for the Northern District of California alleging that Intel failed to disclose material information relating to the divide problem in the floating point unit in the Pentium(R) processor, thereby committing violations of various securities laws. In addition, certain officers and directors who sold stock were alleged to have committed acts of insider trading. All cases were dismissed on February 9, 1995.

During the period from November 29, 1994 through December 19, 1994, numerous civil consumer lawsuits were filed in state courts in various states against the Company. Although the complaints differ, these actions generally allege that Intel breached express and implied warranties, engaged in deceptive advertising and otherwise committed consumer fraud by shipping Pentium processors that contained a divide problem in the floating point unit, and by failing to disclose it. The suits seek compensatory and punitive damages of unspecified amounts. In two of the pending cases, plaintiffs have filed a motion for a preliminary injunction, seeking to modify and more widely publicize Intel's replacement policy and other related relief. The Company believes the suits to be without merit and will defend the cases vigorously. Although the ultimate outcome of these suits cannot be determined at this time, management, including internal counsel, does not believe that the outcome of this litigation will have a material adverse effect on the Company's financial position or overall trends in results of operations.

The Company has been named to the California and U.S. federal Superfund lists for three of its sites and has completed, along with two other companies, a Remedial Investigation/Feasibility Study with the U.S. Environmental Protection Agency (EPA) to evaluate the groundwater in a certain area related to one of its sites. The EPA has issued a Record of Decision with respect to a groundwater cleanup plan at that site, including expected costs to complete. Under the California and U.S. federal Superfund statutes, liability for cleanup of this site is joint and several. The Company, however, has reached agreement in principle with those same two companies that significantly limits the Company's liabilities under the proposed cleanup plan. In addition, the Company has done extensive cleanup and studies of its sites. In the opinion of management, including internal counsel, the potential losses to the Company in excess of amounts already accrued arising out of these matters will not have a material adverse effect on the Company's financial position, even if joint and several liability were to be assessed.

The Company is party to various other legal proceedings. In the opinion of management, including internal counsel, these proceedings will not have a material adverse effect on the financial position or overall trends in results of operations of the Company.

INDUSTRY SEGMENT REPORTING
Intel operates in one dominant industry segment: the design, development, manufacture and sale of microcomputer components and related products at various levels of integration. No customer exceeded 10% of revenues in 1994. One significant customer accounted for 10% of revenues in 1993; none did so in 1992. Major operations outside the United States include manufacturing facilities in Ireland, Israel, Malaysia, and the Philippines, and sales subsidiaries in Japan, Asia-Pacific, and throughout Europe and other parts of the world. Summary balance sheet information for operations outside the United States at fiscal year-ends is as follows:

(In millions)	1994	1993
Total assets	$2,940	$2,192
Total liabilities	$ 962	$ 637
Net property, plant and equipment	$1,238	$1,042

Geographic information for the three years ended December 31, 1994 is presented in the following table. Transfers between geographic areas are accounted for at amounts that are generally above cost and consistent with the rules and regulations of governing tax authorities. Such transfers are eliminated in the consolidated financial statements. Operating income by geographic segment does not include an allocation of general corporate expenses. Identifiable assets are those that can be directly associated with a particular geographic area. Corporate assets include cash and cash equivalents, short-term investments, deferred tax assets, other current assets, long-term investments and certain other assets.

(In millions)	Sales to unaffiliated customers	Transfers between geographic areas	Net revenues	Operating income	Identifiable assets
1994					
United States	$ 5,826	$ 4,561	$10,387	$ 2,742	$ 7,771
Europe	3,158	380	3,538	418	1,733
Japan	944	61	1,005	125	343
Asia-Pacific	1,593	1,021	2,614	154	540
Other	--	639	639	378	324
Eliminations	--	(6,662)	(6,662)	179	(1,878)
Corporate	--	--	--	(609)	4,983
Consolidated	$11,521	$ --	$11,521	$ 3,387	$13,816
1993					
United States	$ 4,416	$ 3,406	$ 7,822	$ 2,896	$ 5,379
Europe	2,476	51	2,527	309	1,214
Japan	678	119	797	108	351
Asia-Pacific	1,212	745	1,957	132	420
Other	--	566	566	348	207
Eliminations	--	(4,887)	(4,887)	85	(1,123)
Corporate	--	--	--	(486)	4,896
Consolidated	$ 8,782	$ --	$ 8,782	$ 3,392	$11,344
1992					
United States	$ 3,018	$ 2,339	$ 5,357	$ 1,313	$ 3,761
Europe	1,435	47	1,482	160	937
Japan	452	71	523	54	282
Asia-Pacific	939	595	1,534	127	321
Other	--	444	444	269	175
Eliminations	--	(3,496)	(3,496)	28	(751)
Corporate	--	--	--	(461)	3,364
Consolidated	$ 5,844	$ --	$ 5,844	$ 1,490	$ 8,089

</TABLE>

Supplemental information (unaudited)
Quarterly information for the two years ended December 31, 1994 is presented on page 31.

REPORT OF ERNST & YOUNG LLP
Independent auditors
The Board of Directors and Stockholders, Intel Corporation

We have audited the accompanying consolidated balance sheets of Intel Corporation as of December 31, 1994 and December 25, 1993, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intel Corporation at December 31, 1994 and December 25, 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

/s/Ernst & Young LLP

San Jose, California
January 16, 1995

FINANCIAL SUMMARY
Ten years ended December 31, 1994

<TABLE>

(In millions)	Net investment in property, plant & equip.	Total assets	Long-term debt & put warrants	Stock holders equity	Additions to property, plant equipment
<S>	<C>	<C>	<C>	<C>	<C>
1994	$ 5,367	$13,816	$ 1,136	$ 9,267	$ 2,441
1993	$ 3,996	$11,344	$ 1,114	$ 7,500	$ 1,933
1992	$ 2,816	$ 8,089	$ 622	$ 5,445	$ 1,228
1991	$ 2,163	$ 6,292	$ 503	$ 4,418	$ 948
1990	$ 1,658	$ 5,376	$ 345	$ 3,592	$ 680
1989	$ 1,284	$ 3,994	$ 412	$ 2,549	$ 422
1988	$ 1,122	$ 3,550	$ 479	$ 2,080	$ 477
1987	$ 891	$ 2,499	$ 298	$ 1,276	$ 302
1986	$ 779	$ 1,977	$ 287	$ 1,245	$ 155
1985	$ 848	$ 2,153	$ 271	$ 1,421	$ 236

</TABLE>
<TABLE>

(In millions-- except per share amounts

	Net revenues	Cost of sales	Research & development	Operating income (loss)	Net income (loss)	Earnings (loss) per share	Dividends declared per share
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1994	$11,521	$ 5,576	$ 1,111	$ 3,387	$ 2,288	$ 5.24	$ 0.23
1993	$ 8,782	$ 3,252	$ 970	$ 3,392	$ 2,295	$ 5.20	$ 0.20
1992	$ 5,844	$ 2,557	$ 780	$ 1,490	$ 1,067	$ 2.49	$ 0.10
1991	$ 4,779	$ 2,316	$ 618	$ 1,080	$ 819	$ 1.96	--
1990	$ 3,921	$ 1,930	$ 517	$ 858	$ 650	$ 1.60	--
1989	$ 3,127	$ 1,721	$ 365	$ 557	$ 391	$ 1.04	--
1988	$ 2,875	$ 1,506	$ 318	$ 594	$ 453	$ 1.26	--
1987	$ 1,907	$ 1,044	$ 260	$ 246	$ 248	$ 0.69	--
1986	$ 1,265	$ 861	$ 228	$ (195)	$ (203)	$ (0.58)	--
1985	$ 1,365	$ 943	$ 195	$ (60)	$ 2	$ 0.00	--

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS
of financial condition and results of operations

RESULTS OF OPERATIONS

Intel's net revenues reached a new high in 1994, rising by 31% from 1993 to 1994 and by 50% from 1992 to 1993, driven by a robust PC market and an ongoing shift in demand toward more powerful microprocessors. Higher volumes of increasingly faster, more advanced microprocessors, partially offset by lower average selling prices, were responsible for most of the growth in revenues from 1992 through 1994. The Pentium(R) processor, introduced in 1993, ramped into high volume in 1994 and was the major factor in Intel's overall revenue growth from 1993 to 1994. Increased sales of newer members of the Intel486(TM) microprocessor family, such as the IntelDX2(TM) processor, drove the revenue growth from 1992 to 1993.

Higher volumes of motherboard and chipset products also contributed significantly to the increase in revenues from 1993 to 1994 and helped enable the successful Pentium processor ramp. Flash memory revenues increased throughout the 1992-1994 period, although not at rates previously expected. Sales of system platforms, networking and communications products, and embedded control products also grew, especially from 1992 to 1993. Growing demand and production for the Intel486 microprocessor family resulted in a sharp decline in sales of the mature Intel386(TM) CPU family from 1992 to 1993 (graph omitted).

Gross margin for the fourth quarter of 1994 included the impact of a $475 million charge, primarily to cost of sales, to cover replacement costs, replacement material and inventory writedown related to a divide problem in the floating point unit of the Pentium processor. Cost of sales increased by 71% from 1993 to 1994 and by 27% from 1992 to 1993. Cost of sales grew at a faster rate than revenues during 1993 and 1994, although gross margin dollar contribution generally continued to rise. In addition to the one-time charge for the Pentium processor floating point problem, growth in cost of sales was driven by higher unit volumes, shifts in product mix and costs associated with initiating production at new factories. As a result of these factors and the revenue trends described above, gross margin percentage declined to 52% in 1994 (37% in the fourth quarter of 1994), compared to 63% in 1993.

Sales of the Intel486 microprocessor family comprised a majority of the Company's revenues and a substantial majority of its gross margin during 1992, 1993 and 1994. While Intel reached its goal of shipping 6-7 million Pentium processors later than anticipated, a significant and growing portion of the Company's revenues and margins were derived from sales of the Pentium processor family in 1994. The Pentium processor family comprised 23% of Intel's microprocessor unit shipments to the desktop computer market segment in the fourth quarter of 1994. If current trends continue, quarterly volumes of the Pentium processor family could surpass those of the Intel486 microprocessor family during 1995.

Research and development spending grew by 15% from 1993 to 1994, as the Company continued to invest in internal programs, particularly for microprocessor technology development. Increased spending for strategic marketing programs, including media merchandising and the Company's Intel Inside(R) cooperative advertising program, drove the 24% increase in marketing, general and administrative expenses from 1993 to 1994. Spending in the fourth quarter of 1994 included the greater part of an $80 million Pentium processor merchandising program (graph omitted).

Interest expense increased by $7 million from 1993 to 1994, primarily due to higher average interest rates on borrowings, partially offset by higher interest capitalization resulting from increased facility construction programs. The decrease in interest expense from 1992 to 1993 was mainly due to lower average interest rates on borrowings.

Interest and other income increased by $85 million from 1993 to 1994, mainly due to higher average rates on investments in 1994, gains related to the settlement of various insurance claims in 1994, and higher foreign exchange gains and investment balances in 1994. Interest and other income in 1993 includes gains of $27 million from the sale of certain foreign benefits related to an expansion in Ireland. Interest and other income in 1992 was reduced by a $15 million charge to income to cover damages payable to Advanced Micro Devices, Inc. (AMD) as part of an arbitration decision (graph omitted).

It is the general practice of the Company to enter into investments and corresponding interest rate swaps to enhance the yield on its investment portfolio without increasing risk. The Company enters into forward contracts, options and swaps to hedge currency, market and interest rate exposures (see "Notes to Consolidated Financial Statements"). Gains and losses on these instruments are offset by those on the underlying hedged transactions; as a result, there was no material net impact on the Company's financial results during 1992-1994.

The effective income tax rate rose to 36.5% in 1994 compared to 35.0% and 32.0%

in 1993 and 1992, respectively. The rate increases from 1993 to 1994 resulted from the fact that tax credits have not grown as rapidly as overall pretax income. This factor, together with an increase in the federal statutory rate, also led to an increase in the effective tax rate from 1992 to 1993. The adoption of SFAS No. 109, "Accounting for Income Taxes," effective at the beginning of 1993, had no material impact on Intel's financial statements.

FINANCIAL CONDITION

The Company's financial condition remains very strong. As of December 31, 1994, total cash and short- and long-term investments totaled $4.54 billion, essentially unchanged from December 25, 1993. Cash generated from operating activities rose to $2.98 billion in 1994 compared to $2.80 billion and $1.64 billion in 1993 and 1992, respectively.

Investing activities consumed $2.90 billion in cash during 1994, compared to $3.34 billion during 1993 and $1.48 billion during 1992. Capital expenditures increased substantially in both 1993 and 1994, as the Company continued to invest in the property, plant and equipment needed for future business requirements, including manufacturing capacity. The Company expects to expend approximately $2.9 billion for capital additions in 1995 and had committed approximately $1.41 billion for the construction or purchase of property, plant and equipment as of December 31, 1994 (graph omitted).

The Company used $557 million for financing activities in 1994, while $352 million and $168 million were provided in 1993 and 1992, respectively. Major financing applications of cash in 1994 included stock repurchases of $658 million, including $65 million for put warrant exercises, and the early retirement of the Company's 8 1/8% debt. Sources of financing in 1993 included the Company's public offering of the 1998 Step-Up Warrants, which resulted in proceeds of $287 million.

As part of its authorized stock repurchase program, the Company had the potential obligation at the end of 1994 to buy back 12.5 million shares of its Common Stock at an aggregate price of $744 million under outstanding put warrants.

Other sources of liquidity include combined credit lines and authorized commercial paper borrowings of $1.74 billion, only $68 million of which was outstanding at December 31, 1994. The Company also maintains the ability to issue an aggregate of approximately $1.4 billion in debt, equity and other securities under SEC shelf registration statements. The Company believes that it has the financial resources needed to meet business requirements in the foreseeable future, including capital expenditures, strategic operating expenses, the dividend program and the Pentium processor replacement program.

OUTLOOK

Future trends for revenue and profitability continue to be difficult to predict. The Company faces a number of risks and uncertainties, including business conditions and growth in the personal computer industry and general economy; competitive factors, including rival chip architectures, imitators of the Company's key microprocessors, and price pressures; manufacturing capacity; and ongoing litigation involving Intel intellectual property.

Intel believes that the $475 million pretax charge taken in the fourth quarter to cover the divide problem in the floating point unit of the Pentium processor will be sufficient to cover all associated replacement and inventory costs. The Company has completed a full manufacturing transition to the updated Pentium processor.

Based on the current case law, Intel's competitors can design microprocessors that are compatible with Intel microprocessors and avoid Intel patent rights through the use of foundry services that have licenses with Intel. Furthermore, as part of a recent agreement between Intel and AMD to settle all outstanding legal disputes between the two companies, Intel licensed AMD to copy the microcode in the Intel386 and Intel486 microprocessors. However, AMD agreed that it has no right to copy the microcode in the Pentium processor and future microprocessors. The net effect of this situation (i.e., case law and the AMD settlement) is that while it is possible for competitors to imitate the functionality of Intel processors, future imitations are not expected to be as close an imitation as were the Am386* and Am486* products from AMD. Competitors' products may add features and increase performance.

Management, including internal counsel, does not believe that the outcome of lawsuits currently facing Intel will have a material adverse effect on the Company's financial position or overall trends in results of operations (see "Contingencies" in "Notes to Consolidated Financial Statements"). However, were an unfavorable ruling to occur in any quarterly period, there exists the possibility of a material impact on the net income of that period. Management believes, given the Company's current liquidity and cash and investments balances, that even an adverse judgement would not have a material impact on cash and investments or liquidity.

As part of its strategic goal to double performance at major system price points, the Company cut microprocessor prices aggressively and systematically in 1994, and this trend may continue in 1995. Future distortion of price maturity curves could occur as imitation products enter the market in significant volume or alternative architectures gain market acceptance. The outlook for Pentium processor shipments in 1995 remains dependent on several business factors, including continued success in the manufacturing ramp and market demand, including microprocessor product mix.

PAGE 18

Gross margin percentage trended downward during 1993 and 1994, although gross margin dollar contribution has generally continued to increase on a quarterly basis. Except for the one-time charge for the Pentium processor divide problem, the factors impacting cost of sales growth (discussed above) are expected to continue. Research and development and marketing spending is expected to continue to grow, as the Company regards these expenditures as critical to future business success. The Company expects its tax rate to increase to 37% for 1995.

Intel's stock price is subject to significant volatility. If revenues or earnings fail to meet expectations of the investment community, there could be an immediate and significant impact on the trading price for the Company's stock. Because of stock market forces beyond Intel's control and the nature of Intel's business, such shortfalls can be sudden.

The Company believes it has the product portfolio and financial and technological resources necessary for continued success, but revenue and profitability trends cannot be precisely determined at this time.

FINANCIAL INFORMATION BY QUARTER
(unaudited)

<TABLE>

(in millions--except per share and price data)

1994 for quarter ended			December 31	October 1	July 2	April 2
<S>			<C>	<C>	<C>	<C>
Net revenues			$ 3,228	$ 2,863	$ 2,770	$ 2,660
Cost of sales			$ 2,023	$ 1,273	$ 1,156	$ 1,124
Net income			$ 372(A)	$ 659	$ 640	$ 617
Earnings per share			$ .86	$ 1.52	$ 1.46	$ 1.40
Dividends per share(B)	Declared		$ .06	$ .06	$ .06	$ .05
	Paid		$ .06	$ .06	$ .05	$ .05
Market price range Common Stock(C)		High	$ 66.13	$ 67.25	$ 70.63	$ 72.25
		Low	$ 57.81	$ 56.50	$ 57.50	$ 61.25
Market price range Step-Up Warrants(C)		High	$ 15.00	$ 16.00	$ 18.44	$ 19.50
		Low	$ 12.31	$ 13.00	$ 13.00	$ 15.13

</TABLE>

<TABLE>

(in millions--except per share and price data)

1993 for quarter ended			December 25	September 25	June 26	March 27
<S>			<C>	<C>	<C>	<C>
Net revenues			$ 2,389	$ 2,240	$ 2,130	$ 2,023
Cost of sales			$ 935	$ 833	$ 766	$ 718
Net income			$ 594(D)	$ 584	$ 569	$ 548
Earnings per share			$ 1.35	$ 1.33	$ 1.30	$ 1.24
Dividends per share(B)	Declared		$ .05	$ .05	$ .05	$ .05
	Paid		$ .05	$ .05	$ .05	$ .05
Market price range Common Stock(C)		High	$ 73.25	$ 68.75	$ 58.75	$ 59.94
		Low	$ 56.25	$ 50.00	$ 43.69	$ 43.25
Market price range Step-Up Warrants(C)		High	$ 19.94	$ 17.63	$ 14.31	$ 14.69
		Low	$ 13.75	$ 11.25	$ 9.44	$ 13.13

</TABLE>

(A) Net income for the fourth quarter of 1994 was impacted by a $475 million pretax charge to revenue and cost of sales to cover replacement and other costs associated with a divide problem in the floating point unit of the Company's Pentium processor.

(B) Intel plans to continue its dividend program. However, dividends are dependent on future earnings, capital requirements and financial condition.

(C) Intel's Common Stock (symbol INTC) and 1998 Step-Up Warrants (symbol INTCW) are traded on Nasdaq and quoted in the Wall Street Journal and other newspapers. Intel's Common Stock also trades on the Zurich, Basel and Geneva, Switzerland exchanges. At December 31, 1994, there were approximately 39,900 holders of Common Stock. All stock and warrant prices are closing prices per the Nasdaq National Market System.

(D) Interest and other income for the fourth quarter of 1993 included gains of $27 million from the sale of certain foreign benefits related to the Company's Ireland expansion.

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GRAPHICS APPENDIX LIST*

* In this Appendix, the following descriptions of graphs on pages 29 and 30 of the Company's 1994 Annual Report to Stockholders that are omitted from the

EDGAR text are more specific with respect to the actual amounts and percentages than can be determined from the graphs themselves.

The Company submits such more specific descriptions only for the purpose of complying with EDGAR requirements for transmitting this Annual Report on Form 10-K; such more specific descriptions are not intended in any way to provide information that is additional to that otherwise provided in the 1994 Annual Report to Stockholders.

<TABLE>

REVENUES AND INCOME (Dollars in millions)	1992	1993	1994
<S>	<C>	<C>	<C>
Net revenues	5,844	8,782	11,521
Net income	1,067	2,295	2,288

COSTS AND EXPENSES (Percent of revenues)	1992	1993	1994
Cost of sales	44%	37%	48%
R&D	13%	11%	10%
Marketing and G&A	17%	13%	13%

OTHER INCOME AND EXPENSE (Dollars in millions)	1992	1993	1994
Interest and other income	133	188	273
Interest expense	54	50	57

CASH AND INVESTMENTS (Dollars in billions)	1993	1994
Cash and cash equivalents	1.659	1.180
Short-term investments	1.477	1.230
Long-term investments	1.416	2.127

</TABLE>

EXHIBIT 21

INTEL CORPORATION

SUBSIDIARIES

(All 100% Owned)

Intel International
(Incorporated in California)

Intel Overseas Corp.
(Incorporated in California)

Synchroquartz (U.S.) Corp.
(Incorporated in California)

Intel FSC
(Incorporated in Barbados)

EXHIBIT 23

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Intel Corporation of our report dated January 16, 1995, included in the 1994 Annual Report to Stockholders of Intel Corporation.

Our audits also include the financial statement schedule of Intel Corporation listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-10392, 2-73464, 2-56648, 33-33983, 2-90217, 33-29672, and 33-41771; and Form S-3 Nos. 2-97538, 33-20117, 33-54220, 33-58964, 33-49827, and 33-50971) of our report dated January 16, 1995, with respect to the financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Intel Corporation.

/s/Ernst & Young LLP

San Jose, California
March 27, 1995

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This schedule contains summary information extracted from Intel Corporation's CONSOLIDATED CONDENSED STATEMENTS OF INCOME AND CONSOLIDATED CONDENSED BALANCE SHEETS and is qualified in its entirety by reference to such financial statements.
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