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

FORM 10-Q

(Mark One)
__X__ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 28, 1997

OR

_____ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
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)

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

N/A
(Former name, former address, and former fiscal year, if changed since last report.)

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 _____

Shares outstanding of the Registrant's common stock:

Class	Outstanding at June 28, 1997
Common Stock, $.001 par value	1,633 million

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Intel Corporation
Consolidated Condensed Statements of Income (unaudited)
(in millions, except per share amounts)
<TABLE>

	Three Months Ended		Six Months Ended	
	Jun. 28, 1997	Jun. 29, 1996	Jun. 28, 1997	Jun. 29, 1996
<S>	<C>	<C>	<C>	<C>
Net revenues	$ 5,960	$ 4,621	$12,408	$ 9,265
Costs and expenses:				
Cost of sales	2,343	2,150	4,650	4,571
Research and development	575	438	1,156	839
Marketing, general and administrative	704	518	1,397	1,035
Operating costs and expenses	3,622	3,106	7,203	6,445

Operating income	2,338	1,515	5,205	2,820
Interest expense	(7)	(3)	(14)	(8)
Interest income and other, net	219	89	434	165
Income before taxes	2,550	1,601	5,625	2,977
Provision for taxes	905	560	1,997	1,042
Net income	$ 1,645	$ 1,041	$ 3,628	$ 1,935
Earnings per common and common equivalent share	$ 0.92	$ 0.59	$ 2.02	$ 1.09
Cash dividends declared per common share	$ 0.030	$ 0.025	$ 0.055	$ 0.045
Weighted average common and common equivalent shares outstanding	1,797	1,776	1,798	1,768

</TABLE>

See Notes to Consolidated Condensed Financial Statements.

Item 1. Financial Statements (continued)

Intel Corporation
Consolidated Condensed Balance Sheets
(in millions)

<TABLE>
<S> <C> <C>

	Jun. 28, 1997 (unaudited)	Dec. 28, 1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,002	$ 4,165
Short-term investments	3,885	3,742
Trading assets	170	87
Accounts receivable, net	3,950	3,723
Inventories:		
Raw materials	260	280
Work in process	703	672
Finished goods	480	341
	1,443	1,293
Deferred tax assets	591	570
Other current assets	148	104
Total current assets	14,189	13,684
Property, plant and equipment	15,833	14,262
Less accumulated depreciation	6,661	5,775
Property, plant and equipment, net	9,172	8,487
Long-term investments	1,455	1,353
Other assets	331	211
TOTAL ASSETS	$25,147	$23,735
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 181	$ 389
Accounts payable	1,022	969
Deferred income on shipments to distributors	550	474
Accrued compensation and benefits	937	1,128
Accrued advertising	485	410
Other accrued liabilities	918	507
Income taxes payable	542	986
Total current liabilities	4,635	4,863
Long-term debt	468	728
Deferred tax liabilities	1,072	997
Put warrants	1,566	275
Stockholders' equity:		

Preferred stock	--	--
Common stock and capital in excess of par value	3,001	2,897
Retained earnings	14,405	13,975
Total stockholders' equity	17,406	16,872
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$25,147	$23,735

</TABLE>

See Notes to Consolidated Condensed Financial Statements.

Item 1. Financial Statements (continued)

Intel Corporation
Consolidated Condensed Statements of Cash Flows (unaudited)
(in millions)
<TABLE>

	Six Months Ended	
	Jun. 28, 1997	Jun. 29, 1996
<S>	<C>	<C>
Cash flows provided by (used for) operating activities:		
Net income	$ 3,628	$ 1,935
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,050	873
Net loss on retirements of property, plant and equipment	23	60
Deferred taxes	81	103
Changes in assets and liabilities:		
Accounts receivable	(227)	216
Inventories	(150)	525
Trading assets	(83)	(79)
Accounts payable	53	(108)
Accrued compensation and benefits	(191)	(129)
Income taxes payable	(444)	14
Tax benefit from employee stock plans	117	62
Other assets and liabilities	276	350
Total adjustments	505	1,887
Net cash provided by operating activities	4,133	3,822
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(1,758)	(1,604)
Purchases of available-for-sale investments	(3,380)	(1,189)
Sales of available-for-sale investments	93	--
Maturities and other changes in available-for-sale investments	3,047	687
Net cash (used for) investing activities	(1,998)	(2,106)
Cash flows provided by (used for) financing activities:		
(Decrease) in short-term debt, net	(208)	(105)
Additions to long-term debt	68	--
Retirement of long-term debt	(300)	--
Proceeds from sales of shares through employee stock plans and other	178	132
Proceeds from exercise of 1998 Step-Up Warrants	26	2
Proceeds from sales of put warrants	141	36
Repurchase and retirement of common stock	(2,121)	(369)
Payment of dividends to stockholders	(82)	(66)
Net cash (used for) financing activities	(2,298)	(370)
Net increase (decrease) in cash and cash equivalents	$ (163)	$ 1,346
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 21	$ 24
Income taxes	$ 2,243	$ 819

</TABLE>

Certain 1996 amounts have been reclassified to conform to the 1997 presentation.
See Notes to Consolidated Condensed Financial Statements.

Item 1. Financial Statements (continued)

Intel Corporation, Notes to Consolidated Condensed Financial Statements

1. The accompanying interim consolidated condensed financial statements of Intel Corporation ("Intel," the "Company" or the "Registrant") have been prepared in conformity with generally accepted accounting principles, consistent in all material respects with those applied in the Annual Report on Form 10-K for the year ended December 28, 1996. The interim financial information is unaudited, but reflects all normal adjustments which are, in the opinion of management, necessary to provide a fair statement of results for the interim periods presented. The interim financial statements should be read in connection with the financial statements in the Company's Annual Report on Form 10-K for the year ended December 28, 1996.

2. In May 1997, the stockholders approved an increase in the Company's authorized shares of Common Stock to 4.5 billion. On July 13, 1997, the Company effected a two-for-one stock split in the form of a special stock distribution to stockholders of record as of June 10, 1997. All share, per share, Common Stock, capital in excess of par value and warrant amounts here-in have been restated to reflect the effect of this split.

3. Interest and other income includes (in millions):

<TABLE>

<S>	Three Months Ended <C> Jun. 28, 1997	<C> Jun. 29, 1996	Six Months Ended <C> Jun. 28, 1997	<C> Jun. 29, 1996
Interest income	$ 142	$ 78	$ 269	$ 158
Foreign currency gains	12	7	25	14
Other income (expense), net	65	4	140	(7)
Total	$ 219	$ 89	$ 434	$ 165

</TABLE>

Other income for the six months ended June 28, 1997 consists primarily of gains on sales of equity investments.

4. Earnings per common and common equivalent share as presented on the face of the statements of income represent primary earnings per share. Dual presentation of primary and fully diluted earnings per share has not been made because the differences are insignificant.

Effective December 27, 1997, the Company will adopt Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share." At that time, the Company will be required to change the method currently used to calculate earnings per share and to restate all prior periods. The new requirements will include a calculation of basic earnings per share, from which the dilutive effect of stock options and warrants will be excluded. The basic earnings per share are expected to reflect an increase of $.09 and $.04 per share for the quarters ended June 28, 1997 and June 29, 1996, respectively, over the primary earnings per share reported for these quarters. For the six month periods then ended, the increases are expected to be $.20 and $.09 per share, respectively. A calculation of diluted earnings per share will also be required; however, this is not expected to differ materially from the Company's reported primary earnings per share.

Item 1. Financial Statements (continued)

Intel Corporation, Notes to Consolidated Condensed Financial Statements (continued)

5. As more fully described in the Company's Annual Report, Intel enters into derivative financial instruments to reduce financial market risks. These instruments are used to hedge foreign currency, equity and interest rate market exposures of underlying assets, liabilities and other obligations. The Company does not use derivative financial instruments for speculative or trading purposes. The Company's accounting policies for these instruments are based on the Company's designation of such instruments as hedging transactions. The criteria the Company uses for designating an instrument as a hedge include the instrument's effectiveness in risk reduction and one-to-one matching of derivative instruments to underlying transactions. Gains and losses on currency forward contracts, and options

that are designated and effective as hedges of anticipated transactions, for which a firm commitment has been attained, are deferred and recognized in income in the same period that the underlying transactions are settled. Gains and losses on currency forward contracts, options and swaps that are designated and effective as hedges of existing transactions are recognized in income in the same period as losses and gains on the underlying transactions are recognized and generally offset. Gains and losses on any instruments not meeting the above criteria would be recognized in income in the current period. If an underlying hedged transaction is terminated earlier than initially anticipated, the offsetting gain or loss on the related derivative instrument is recognized in income in the same period. Subsequent gains or losses on the related derivative instrument are recognized in income in each period until the instrument matures, is terminated or is sold. Income or expense on swaps is accrued as an adjustment to the yield of the related investments or debt they hedge. Cash flows associated with derivative transactions are reported as arising from operating activities in the consolidated statement of cash flows.

6. A $300 million reverse repurchase arrangement originally payable in 2001 was reclassified from long-term debt to short-term during the first quarter of 1997. During the second quarter of 1997 the debt was repaid by the Company. During the first quarter of 1997, the Company borrowed a total of 44 million Irish punts (approximate U.S. dollar equivalent of $68 million) due 2000-2017 at interest rates ranging from 5% to 7%. The 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.

7. During the first half of 1997, the Company repurchased 28.4 million shares of Common Stock under the Company's authorized repurchase program at a cost of $2.1 billion. During the first quarter of 1997, the Company's Board of Directors approved an increase in the repurchase program of up to 60 million additional shares, bringing the total authorization to 280 million shares. As of June 28, 1997, after allowing for the outstanding put warrants, approximately 60.8 million shares remained available under the repurchase program. (See Item 2. Management's Discussion and Analysis for subsequent activity.)

8. In a series of private placements during the 1991-1997 period, the Company sold put warrants that entitle the holder of each warrant to sell to the Company, by physical delivery, one share of Common Stock at a specified price. Activity during the first half of 1997 is summarized as follows:

<TABLE>

(in millions)	Cumulative Proceeds Received	Put Warrants Outstanding: Number Of Warrants	Put Warrants Outstanding: Potential Obligation
December 28, 1996	$ 335	9	$ 275
Sales	88	12	916
Expirations	--	(6)	(174)
March 29, 1997	$ 423	15	$1,017
Sales	53	9	649
Expirations	--	(3)	(100)
June 28, 1997	$ 476	21	$1,566

</TABLE>

A total of 9 million warrants were sold to banks and investment banks during April and May of 1997. They expire on various dates between August 1997 and May 1998 and have exercise prices ranging from $71 to $73 per share, with an average exercise price of $72. The 21 million put warrants outstanding on June 28, 1997 expire on various dates between August 1997 and May 1998 and have exercise prices ranging from $71 to $81 per share, with an average exercise price of $75. The amount related to the Company's potential buyback obligation has been reclassified from Stockholders' Equity and recorded as put warrants. There is no material dilutive effect on earnings per share for the periods presented. (See Item 2. Management's Discussion and Analysis for subsequent activity.)

9. The Company intends to adopt SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in fiscal 1998. Both Standards will require additional disclosure, but will not have a material effect on the Company's financial position or results of operations. SFAS No. 130

establishes standards for the reporting and display of comprehensive income and is expected to first be reflected in the Company's first quarter of 1998 interim financial statements. Components of comprehensive income include items such as net income and changes in value of available-for-sale securities. SFAS No. 131 changes the way companies report segment information and requires segments to be determined based on how management measures performance and makes decisions about allocating resources. SFAS No. 131 will first be reflected in the Company's 1998 Annual Report.

10. Digital Equipment Corporation (DEC) brought suit in Federal District Court in Massachusetts on May 13, 1997, alleging that Intel has infringed ten patents in making, using, selling and offering to sell microprocessor products, including Pentium(R) and Pentium(R) Pro (including Pentium(R) II) microprocessor families. DEC is seeking both an injunction and monetary damages, including triple damages for Intel's alleged willful infringement of the patents. The injunction, if granted, would prohibit Intel from using DEC's patented technology in its microprocessor products. The Company believes that its products do not infringe the DEC patents and intends to defend the lawsuit vigorously. Although the ultimate outcome of this lawsuit 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.

    Cyrix Corporation brought suit in Federal District Court in Texas on May 13, 1997, alleging that Intel has infringed two patents relating to Pentium, Pentium Pro and Pentium II microprocessors. The suit seeks preliminary and permanent injunctive relief along with unspecified damages. The Company believes that its products do not infringe the Cyrix patents and intends to defend the lawsuit vigorously. Although the ultimate outcome of this lawsuit 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.

    A former employee of the Company filed an action on September 9, 1996, alleging that Intel's products infringe a patent issued to the plaintiff and that Intel wrongfully terminated his employment with Intel. The suit seeks both monetary damages and injunctive relief. Expert witness discovery closed on July 1, 1997. The plaintiff's expert witness has opined that the plaintiff is entitled to $1.2 billion in damages for Intel's alleged patent infringement. Intel's expert witnesses have opined that, should the plaintiff prevail in the case, he would be entitled to nominal damages only. The Company believes that its products do not infringe the plaintiff's patent and intends to continue to defend this lawsuit vigorously. Although the ultimate outcome of this lawsuit 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.

11. On July 27, 1997 the Company announced it had entered into a definitive agreement to acquire Chips and Technologies, Inc. and on August 1, 1997 the Company commenced a tender offer for all outstanding shares of Chips and Technologies at a price of $17.50 per share. The tender offer will expire on August 28, 1997. The Company expects that the funds required to complete the transaction will be approximately $416 million. This acquisition is subject to the successful completion of the tender offer and the receipt of certain governmental and regulatory approvals. Subsequent to the Company's announcement, certain shareholders of Chips and Technologies filed several separate lawsuits, each claiming class action status, in state and federal courts against Chips and Technologies, Inc. and its board of directors. The suits challenge and seek to enjoin the pending tender offer by the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations - Second Quarter of 1997 Compared to Second Quarter of 1996

Revenues for Q2 1997 increased by 29% compared to Q2 1996. Higher volumes of Pentium(R) processors, including processors with MMX(TM) media enhancement technology (collectively the "Pentium processor family"), and Pentium(R) Pro and Pentium(R) II processors, as well as a shift in mix toward higher performance processors, drove the overall growth in revenues. Chipsets also showed significant revenue growth between these periods. Royalty revenues were down in Q2 1997 from a higher than normal level in Q2 1996.

Cost of sales rose by 9% from Q2 1996 to Q2 1997. The percentage increase in costs was less than the increase in revenues as a result of shifts in product mix and factory efficiencies due to increased volumes. However, start-up costs were higher in Q2 1997 than in Q2 1996 due to the start-up of the .25 micron microprocessor manufacturing process in Q2 1997. Gross margin increased to 61% in Q2 1997 from 53% in Q2 1996 primarily due to the changes in mix and to a lesser extent due to the volume efficiencies. Gross margin in Q2 1996 included the effect of the higher than normal royalty revenues.

For Q2 1997 and Q2 1996, a majority of the Company's revenues, and a substantial majority of its gross margin, were derived from sales of Pentium processor family products, including related board-level products. Sales of Pentium Pro and Pentium II processors and related board-level products represented a significant portion of the Company's revenues and gross margin for the second quarter of 1997.

Research and development expenses and marketing, general and administrative expenses rose by a total of $323 million, or 34%, from Q2 1996 to Q2 1997, primarily due to higher levels of research and development spending on process and product technology, and higher merchandising, Intel Inside(R) program and profit dependent expenses. Expenses were 21% of revenues in Q2 of 1997, the same as Q2 1996.

Interest and other income for Q2 1997 increased by $130 million over the prior year due primarily to the higher average investment balance in Q2 1997 and gains on sales of equity investments.

The provision for taxes for Q2 1997 increased by $345 million over the prior year primarily as a result of higher pretax earnings. The effective tax rate increased slightly from 35% for Q2 1996 to 35.5% for Q2 1997.

Results of Operations - First Half of 1997 Compared to First Half of 1996

Revenues for the first half of 1997 increased by 34% compared to the first half of 1996. Higher volumes of Pentium processor family processors, and Pentium Pro and Pentium II processors, as well as a shift in mix toward higher performance processors, drove the overall growth in revenues. Chipsets also showed significant revenue growth between these periods. Sales of board-level products and royalty revenues were down in the first half of 1997 from the first half of 1996.

Cost of sales rose by 2% from the first half of 1996 to the first half of 1997. The percentage increase in costs was less than the increase in revenues as a result of shifts in product mix and factory efficiencies due to increased volumes. However, start-up costs were higher in the first half of 1997 than in the prior year due to the start-up of the .25 micron microprocessor manufacturing process in the first half of 1997. Gross margin increased to 63% in the first half of 1997 from 51% in the first half of 1996 primarily due to the changes in mix and to a lesser extent due to the volume efficiencies. Gross margin in the first half of 1996 included the effect of the higher than normal royalty revenues.

For the first half of 1997 and 1996, a majority of the Company's revenues, and a substantial majority of its gross margin, were derived from sales of Pentium processor family products, including related board-level products. Sales of Pentium Pro and Pentium II processors and related board-level products represented a significant portion of the Company's revenues and gross margin for the first half of 1997.

Research and development expenses and marketing, general and administrative expenses rose by a total of $679 million, or 36%, from the first half of 1996 to the first half of 1997, primarily due to higher levels of research and development spending on process and product technology, and higher merchandising, Intel Inside(R) program and profit dependent expenses. Expenses were 21% of revenues in the first half of 1997 versus 20% in the first half of 1996.

Interest and other income for the first half of 1997 increased by $269 million over the prior year due primarily to the higher average investment balance in the first half of 1997 and gains on sales of equity investments.

The provision for taxes for the first half of 1997 increased by $955 million over the prior year primarily as a result of higher pretax earnings. The effective tax rate increased slightly from 35% for the first half of 1996 to 35.5% for the first half of 1997.

Financial Condition

The Company's financial condition remains very strong. As of June 28, 1997, cash, trading assets and short- and long-term investments totaled $9.5 billion, up from $9.3 billion at December 28, 1996. The Company's other sources of liquidity include credit lines, which are generally uncommitted, and authorized commercial paper borrowings together totaling approximately $1.8 billion. The Company also maintains the authority to issue an aggregate of approximately $1.4 billion in debt, equity and other securities under Securities and Exchange Commission shelf registration statements.

The Company funded most of its investment needs during the first half of 1997 with cash generated from operations, which totaled $4.1 billion. Major uses of cash during the first half of 1997 included capital spending of $1.8 billion for property, plant and equipment, primarily for microprocessor manufacturing capacity, and $2.1 billion to buy back 28.4 million shares of Common Stock. In addition, there were net debt repayments of $440 million in the first half of 1997.

The Company's five largest customers accounted for approximately 37% of net revenues for the six month period ended June 28, 1997. At June 28, 1997, these customers accounted for approximately 33% of net accounts receivable.

Key financing activities in the first half of 1997 included the repurchase of 28.4 million shares of Common Stock for $2.1 billion as part of the Company's authorized stock repurchase program. The Company also sold 21 million put warrants, receiving proceeds of $141 million, while 9 million previously outstanding put warrants expired unexercised. From June 28, 1997 through August 7, 1997, the Company repurchased 2.0 million shares of its Common Stock at a cost of $197 million. In addition, 16 million put warrants expired upon the Company's stock price reaching certain levels above the exercise price for such warrants. As of August 7, 1997, Intel had the potential obligation to repurchase 5 million shares of Common Stock at an aggregate cost of $370 million under outstanding put warrants. The exercise price of these outstanding warrants ranged from $72 to $81 per share, with an average exercise price of $74 per share. During the first half of 1997, the Company's Board of Directors approved an increase of up to 60 million additional shares in the Company's repurchase program. This increase brings the total authorization to 280 million shares. As of August 7, 1997, 74.8 million shares remained available for repurchase under the repurchase authorization, after allowing for the outstanding put warrants.

On July 27, 1997 the Company announced it had entered into a definitive agreement to acquire Chips and Technologies, Inc. and on August 1, 1997 the Company commenced a tender offer for all outstanding shares of Chips and Technologies at a price of $17.50 per share. The tender offer will expire on August 28, 1997. The Company expects that the funds required to complete the transaction will be approximately $416 million. This acquisition is subject to the successful completion of the tender offer and the receipt of certain governmental and regulatory approvals. Subsequent to the Company's announcement, certain shareholders of Chips and Technologies filed several separate lawsuits, each claiming class action status, in state and federal courts against Chips and Technologies, Inc. and its board of directors. The suits challenge and seek to enjoin the pending tender offer by the Company.

Management considers cash flow from operations and available sources of liquidity to be adequate to meet business requirements in the foreseeable future, including the acquisition described above and planned capital expenditure programs, working capital requirements, the put warrant obligation and the dividend program.

Outlook

The outlook section contains a number of forward-looking statements, all of which are based on current expectations. Actual results may differ materially.

The Company expects revenue for the third quarter of 1997 to be flat to slightly up from the second quarter revenue of $6.0 billion. Revenue is partly a function of the mix of microprocessors and related motherboards and the mix of microprocessor types and speeds, all of which are difficult to forecast. Because of the large price difference between types of microprocessors, this mix affects the average price Intel will realize and has a large impact on Intel's revenues. In addition, the Company expects to continue to reduce microprocessor prices systematically, focused on moving higher performance products into the mainstream.

Intel's strategy has been, and continues to be, to introduce ever-higher performance microprocessors. To implement this strategy, the Company plans to cultivate new businesses and continue to work with the software industry to develop compelling applications that can take advantage of this higher performance, thus driving demand toward the newer products. In line with this strategy, the Company introduced the Pentium II processor in May 1997. This processor combines the advanced technologies of the Pentium Pro processor with MMX media enhancement technology. During the second quarter, the Company also introduced a 233-MHz Pentium processor with MMX technology and expanded its line of mobile processors with MMX technology. The Company has expanded manufacturing capacity over the last few years and continues to expand capacity based on the assumed continued success of this strategy.

The Company expects the gross margin percentage in the third quarter of 1997 to be flat to slightly down from 61% in the second quarter. Intel's gross margin expectation for 1997 is 60 percent plus or minus a few points. Based on the first half results and current expectations, the gross margin percentage for 1997 is expected to be at the mid to high part of that range. In the short-term Intel's gross margin percentage varies primarily with revenue levels and product mix. The Company's goal continues to be to grow gross margin dollars, and the Company still believes that over the long-term, the gross margin percentage will be 50 percent plus or minus a few points. Intel's long-term gross margin percentage will vary depending on product mix.

The gross margin percentage varies depending on the mix of types and speeds of processors sold and the mix of microprocessors and related motherboards within a product family. Motherboards generally have lower margins than microprocessors, with the percentage of motherboards sold typically being higher early in the product cycle and decreasing as the product matures. In addition, the Company's newest product, the Pentium II, is packaged with purchased components in a Single Edge Contact cartridge, and the inclusion of purchased components tends to increase absolute dollar margins but to lower the gross margin percentage. Various other factors, including unit volumes and costs, yield issues associated with production at factories, and mix of shipments of other semiconductors, will also continue to affect the amount of cost of sales and the variability of gross margin percentages.

To implement its strategy, Intel continues to build capacity to produce high-performance microprocessors and other products. The Company currently expects capital expenditures for 1997 to be approximately $4.5 billion. This spending plan is dependent upon expectations regarding manufacturing efficiencies, delivery times of various machines and construction schedules for new facilities. Depreciation for 1997 is now expected to be approximately $2.2 billion, down from previous guidance of approximately $2.5 billion.

Spending on research and development and marketing, general and administrative expenses in the third quarter of 1997 is expected to be approximately 4 to 6 percent higher than the $1.3 billion in the second quarter of 1997. Expense projections for the third quarter of 1997 incorporate expected higher spending for research and development and merchandising and are subject in part to changes in revenue and profit dependent expenses and the impact of any potential acquisition.

The Company expects interest and other income for the third quarter of 1997 to be approximately $140 million, assuming no significant changes in cash balances or interest rates and no unanticipated items.

All microprocessors have errata. (Errata are design defects or errors which may cause a product to deviate from published specifications.) Intel's standard practice since 1995 has been that when a new erratum is identified, the Company works with computer makers and software vendors to understand the issue and evaluate potential fixes, e.g., workarounds. After the erratum is understood, the Company publishes the erratum so that consumers can make their purchasing decisions based upon available information.

The Company's future results of operations and the other forward-looking statements contained in this outlook, in particular the statements regarding revenues, pricing, gross margin, capital spending, depreciation, research and development expenses, marketing and general and administrative expenses and interest and other income involve a number of risks and uncertainties. In addition to the factors discussed above, among the other factors that could cause actual results to differ materially are the following: business conditions and growth in the computing industry and in the general economy; changes in customer order patterns, including timing of delivery and changes in seasonal fluctuations in PC buying patterns; competitive factors, such as rival chip architectures, competing software-compatible microprocessors, acceptance of new products and response to price pressures; unanticipated costs or other adverse effects associated with processors and other products containing errata; risk of inventory obsolescence due to shifts in market demand; variations in inventory valuation; excess or shortage of purchased components; timing of software industry product introductions; continued success in technological advances and their implementation, including the manufacturing ramp; excess or shortage of manufacturing capacity; development, implementation and initial production of new strategic products and processes; acquisition strategy and the ability to successfully integrate acquired businesses, enter new market segments and manage the growth of such businesses; risks associated with foreign operations; and litigation involving intellectual property and consumer issues.

Intel believes that it has the product offerings, facilities, personnel, and competitive and financial resources for continued business success, but future revenues, costs, margins and profits are all influenced by a number of factors, as discussed above, all of which are inherently difficult to forecast.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

A. Litigation

Digital Equipment Corporation vs. Intel,
U.S. District Court, District of Mass. (97-40080)

Digital Equipment Corporation (DEC) brought suit in Federal District Court in Massachusetts on May 13, 1997, alleging that Intel has infringed ten patents in making, using, selling and offering to sell microprocessor products, including Pentium(R) and Pentium(R) Pro (including Pentium(R) II) microprocessor families. DEC is seeking both an injunction and monetary damages, including triple damages for Intel's alleged willful infringement of the patents. The injunction, if granted, would prohibit Intel from using DEC's patented technology in its microprocessor products. The Company believes that its products do not infringe the DEC patents and intends to defend the lawsuit vigorously. Although the ultimate outcome of this lawsuit 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.

Cyrix Corporation v. Intel
U.S. District Court, E.D. Texas (4-97cv164)

Cyrix Corporation brought suit in Federal District Court in Texas on May 13, 1997, alleging that Intel has infringed two patents relating to Pentium, Pentium Pro and Pentium II microprocessors. The suit seeks preliminary and permanent injunctive relief along with unspecified damages. The Company believes that its products do not infringe the Cyrix patents and intends to defend the lawsuit vigorously. Although the ultimate outcome of this lawsuit 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.

Michael W. Scriber v. Intel Corporation
U.S. District Court for the District of Oregon (CV-1262-AS)

Michael W. Scriber, a former employee of the Company, filed an action on September 9, 1996, alleging that Intel's products infringe a patent issued to the plaintiff and that Intel wrongfully terminated his employment with Intel. The suit seeks both monetary damages and injunctive relief. Expert witness discovery closed on July 1, 1997. The plaintiff's expert witness has opined that the plaintiff is entitled to $1.2 billion in damages for Intel's alleged patent infringement. Intel's expert witnesses have opined that, should the plaintiff prevail in the case, he would be entitled to nominal damages only. The Company believes that its products do not infringe the plaintiff's patent and intends to continue to defend this lawsuit vigorously. Although the ultimate outcome of this lawsuit 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.

Item 2. Changes in Securities

(a) Modification of rights of security holders.

In May 1997, the stockholders approved an increase in the Company's authorized shares of Common Stock to 4.5 billion. On July 13, 1997, the Company effected a two-for-one stock split in the form of a special stock distribution to stockholders of record as of June 10, 1997. As a result of this stock split, each holder of the 1998 Step-Up Warrants to Purchase Common Stock received one additional warrant for each warrant held. The Warrant Agreement was amended to reflect an exercise price of one half of the former amount and an aggregate number of shares issuable under the warrants of twice the former aggregate number. Reference is made to Exhibit 4.2 of this document, "Fourth Amendment to Warrant Agreement dated as of May 21, 1997."

(c) Unregistered sales of equity securities.

Reference is made to the information on sales of put warrants appearing in Note 8 under the heading "Intel Corporation, Notes to Consolidated Condensed Financial Statements" in Part I, Item 1 hereof. All such transactions are exempt from registration under Section 4 (2) of the Securities Act of 1933. Each transaction was privately negotiated and each offeree and purchaser was an accredited investor/qualified institutional buyer. No public offering or public solicitation was used by the registrant in the placement of these securities.

Item 4. Submission of Matters to a Vote of Security Holders

At Intel Corporation's Annual Meeting of Stockholders held on May 21, 1997, the following proposals were adopted by the margins indicated. Due to the fact that the vote was held prior to the effective date of the two-for-one stock split, the following results are presented on a pre-split basis.

	Number of Shares	
	Voted for	Withheld
1. To elect a board of directors to hold office until the next annual meeting of stockholders or until their respective successors have been elected or appointed.		
C. Barrett	715,666,865	2,556,521
J. Browne	715,574,280	2,649,107
W. Chen	715,653,736	2,569,651
A. Grove	715,697,015	2,526,372
J. Guzy	715,629,920	2,593,467
G. Moore	715,683,463	2,539,924
A. Rock	715,628,844	2,594,543
J. Shaw	715,637,642	2,585,745
L. Vadasz	715,629,973	2,593,414
D. Yoffie	715,661,069	2,562,318
C. Young	715,654,754	2,577,633

	Number of Shares		
	Voted For	Voted Against	Withheld
2. To ratify the appointment of the accounting firm of Ernst & Young LLP as independent auditors for the Company for the current year.	714,501,995	798,481	2,922,911

	Number of Shares			
	Voted For	Voted Against	Withheld	No Vote
3. To approve the amendment of the Company's Restated Certificate of Incorporation to increase the number of authorized shares of Common Stock.	695,905,181	18,423,027	3,408,176	487,002

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

4.2 Fourth Amendment to Warrant Agreement dated as of May 21, 1997.

11.1 Statement re: computation of earnings per share.

12.1 Statement setting forth the computation of ratios of earnings to fixed charges.

27 Financial Data Schedule.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended June 28, 1997.

SIGNATURES

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

INTEL CORPORATION
(Registrant)

Date: August 8, 1997

By: /s/Andy D. Bryant

Andy D. Bryant
Vice President, Chief Financial
Officer and Principal Accounting
and Financial Officer

Exhibit 4.2

FOURTH AMENDMENT TO WARRANT AGREEMENT

This Fourth Amendment to Warrant Agreement (this "Amendment") is made and entered into as of May 21, 1997, by and between Intel Corporation, a Delaware corporation (the "Company"), and Harris Trust and Savings Bank, an Illinois banking corporation ("Harris"), as Warrant Agent, for purposes of amending that certain Warrant Agreement -- 1998 Step-Up Warrants to Purchase Common Stock, dated March 1, 1993, as amended by that certain First Amendment to Warrant Agreement, dated October 18, 1993, that certain Second Amendment to Warrant Agreement, dated January 17, 1994, and that certain Third Amendment to Warrant Agreement, dated May 1, 1995 (collectively, the "Warrant Agreement").

RECITALS

(a) The Company issued 1998 Step-Up Warrants (the "Warrants") entitling holders to purchase 40,000,000 shares of the Company's Common Stock, $.001 par value (the "Common Stock") (as adjusted for previous stock splits);

(b) The Company's Board of Directors has declared a two for one stock split to be effected as a special stock distribution of one share of Common Stock for each share of Common Stock outstanding (the "Split");

(c) The Split is payable on July 13, 1997 (the "Payment Date") to stockholders of record on June 10, 1997 (the "Record Date"); and

(d) Pursuant to Sections 14(a), (h) and (k) of the Agreement, the Warrants will be adjusted, as of the Payment Date, by reducing the per share exercise price of each Warrant to one-half of the per share exercise price in effect immediately prior to the Payment Date, and by issuing to each Warrant holder of record on the Record Date for the Split, one additional Warrant at the adjusted per share exercise price for each Warrant held as of such Record Date.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Harris agree as follows:

1. Effective as of July 13, 1997, Section 2 of the Warrant Agreement is hereby amended to read in its entirety as follows:

"SECTION 2. Amount Issued. Subject to the provisions of this Agreement, Warrants to purchase no more than eighty million (80,000,000) Shares may be issued and delivered by the Company hereunder."

2. Effective as of July 13, 1997, the second paragraph of Section 7 of the Warrant Agreement is hereby amended to read in its entirety as follows:

"Subject to the provisions of this Agreement, including Section 14, each Warrant shall entitle the holder thereof to purchase from the Company (and the Company shall issue and sell to such holder of a Warrant) one fully paid and nonassessable Share at the price set forth in the following table (such price, as it may be adjusted from time to time as provided in Section 14, being the "Exercise Price"):

Exercise Date		
After	On or Before	Exercise Price Per Share
May 13, 1993	March 14, 1994	$17.875**
March 14, 1994	March 14, 1995	$18.625**
March 14, 1995	March 14, 1996	$19.375**
March 14, 1996	March 14, 1997	$20.125**
March 14, 1997	March 14, 1998	$20.875

**(expired prior to, but adjusted to reflect, stock distribution on July 13, 1997)"

3. Effective as of July 13, 1997, Exhibit A is replaced with the attached Exhibit A-4.

4. Except as expressly modified herein, the Warrant Agreement remains in

full force and effect.

The parties hereto have caused this Amendment to be executed and delivered as of the date first set forth above.

Attest:	INTEL CORPORATION
/s/	By: /s/
Patrice C. Scatena	Name/Title: Arvind Sodhani Vice President and Treasurer

Attest:	HARRIS TRUST AND SAVINGS BANK
/s/	By: /s/
Bruce T. Thomson	Name/Title: Richard C. Carlson Vice President

Exhibit A-4 (REVISED 5/97)

[Form of Face of Warrant Certificate]

Void After March 14, 1998

No. C-

Warrant to Purchase ________ Shares of Common Stock

INTEL CORPORATION

1998 Step-Up Warrant to Purchase Common Stock

This Warrant Certificate certifies that ______________________________ or registered assigns, is the registered holder of a 1998 Step-Up Warrant (the "Warrant") of Intel Corporation, a Delaware corporation (the "Company"), to purchase the number of shares (the "Shares") of Common Stock, $0.001 par value (the "Common Stock"), of the Company set forth above. This Warrant expires at 5:00 p.m. New York City time (the "Close of Business") on March 14, 1998 (the "Expiration Date"), unless such date is extended at the option of the Company, and entitles the holder to purchase from the Company the number of fully paid and nonassessable Shares set forth above at the exercise price (the "Exercise Price"), payable in lawful money of the United States of America, determined in accordance with the following table:

Exercise Date		
After the Close of Business	On or Before the Close of Business	Exercise Price Per Share
May 13, 1993	March 14, 1994	$17.875**
March 14, 1994	March 14, 1995	$18.625**
March 14, 1995	March 14, 1996	$19.375**
March 14, 1996	March 14, 1997	$20.125**
March 14, 1997	March 14, 1998	$20.875

**(expired prior to, but adjusted to reflect, stock distribution on July 13, 1997)

Subject to the terms and conditions set forth herein and in the Warrant Agreement referred to on the reverse hereof, this Warrant may be exercised upon surrender of this Warrant Certificate and payment of the aggregate Exercise Price (rounded down, if necessary, to the nearest whole cent) at the office or agency of the Warrant Agent in New York, New York or in Chicago, Illinois (each such office, a "Warrant Agent Office").

The Exercise Price and the number of Shares purchasable upon exercise of this Warrant are subject to adjustment upon the occurrence of certain events as set forth in the Warrant Agreement.

No Warrant may be exercised prior to May 14, 1993 or after the Close of Business on the Expiration Date, unless the Company exercises its option to extend such date. After the Close of Business on the Expiration Date, the Warrants will become wholly void and of no value.

Reference is hereby made to the further provisions of this Warrant Certificate set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Warrant Certificate shall not be valid unless countersigned by the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its duly authorized officers, and the corporate seal hereunto affixed.

Dated: _______________

INTEL CORPORATION

By ______________________________

[Corporate Seal of Intel Corporation]

Attest:

By ________________________

Countersigned:

HARRIS TRUST AND SAVINGS BANK,
as Warrant Agent

By ________________________

[Form of Reverse of Warrant Certificate]

INTEL CORPORATION

The warrant evidenced by this warrant certificate is a part of a duly authorized issue of 1998 Step-Up Warrants to purchase a maximum of eighty million (80,000,000) Shares of Common Stock (subject to adjustment) issued pursuant to a Warrant Agreement, dated as of March 1, 1993, as the same has and may be amended from time to time (the "Warrant Agreement"), duly executed and delivered by the Company to Harris Trust and Savings Bank, as Warrant Agent (the "Warrant Agent"). The Warrant Agreement hereby is incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the holders (the words "holders" or "holder" meaning the registered holders or registered holder) of the Warrants. A copy of the Warrant Agreement may be inspected at the Warrant Agent Office and is available upon written request addressed to the Company. All terms used herein that are defined in the Warrant Agreement have the meanings assigned to them therein.

Warrants may be exercised to purchase Shares from the Company before the Close of Business on the Expiration Date, at the Exercise Price set forth on the face hereof, subject to adjustment as described in the Warrant Agreement. The holder of the Warrant evidenced by this Warrant Certificate may exercise such Warrant by surrendering the Warrant Certificate, with the form of election to purchase set forth hereon properly completed and executed, together with payment of the aggregate Exercise Price (rounded down, if necessary, to the nearest whole cent), in lawful money of the United States of America, and any applicable transfer taxes, at the Warrant Agent Office.

In the event that upon any exercise of the Warrant evidenced hereby the number of Shares actually purchased shall be less than the total number of Shares purchasable upon exercise of the Warrant evidenced hereby, there shall be issued to the holder hereof, or such holder's assignee, a new Warrant Certificate evidencing a Warrant to purchase the Shares not so purchased. No adjustment shall be made for any cash dividends on any Shares issuable upon exercise of this Warrant. After the Close of Business on the Expiration Date, unexercised Warrants shall become wholly void and of no value.

The Company shall not be required to issue fractions of Shares or any certificates that evidence fractional Shares. In lieu of such fractional Shares, there shall be paid to holders of the Warrant Certificates with regard to which such fractional Shares would otherwise be issuable an amount in cash equal to the same fraction of the current market value (as determined pursuant to the Warrant Agreement) of a full Share.

Warrant Certificates, when surrendered at the Warrant Agent Office by the registered holder thereof in person or by a legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing a Warrant to purchase in the aggregate a like number of Shares.

Upon due presentment for registration of transfer of this Warrant Certificate at the Warrant Agent Office, a new Warrant Certificate or Warrant Certificates of like tenor and evidencing a Warrant or Warrants to purchase in the aggregate a like number of Shares shall be issued to the transferee in exchange for this Warrant Certificate, subject to the limitations provided in the Warrant Agreement, without charge, except for any tax or other governmental charge imposed in connection therewith.

The Company and Warrant Agent may deem and treat the registered holder hereof as the absolute owner of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone) for the purpose of any exercise hereof and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

Election to Exercise
(To be executed upon exercise of the Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to purchase _______ Shares and herewith tenders in payment for such Shares $______ in lawful money of the United States of America, in accordance with the terms hereof. The undersigned requests that a certificate representing such Shares be registered and delivered as follows:

Name

Address

Delivery Address (if different)

If such number of Shares is less than the aggregate number of Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the balance of such Shares be registered and delivered as follows:

Name

Address

Delivery Address (if different)

_________________________________ ____________________________________
Social Security or Other Taxpayer Identification Number of Holder — Signature

Note: The above signature must correspond with the name as written upon the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatsoever. If the certificate representing the Shares or any Warrant Certificate representing Warrants not exercised is to be registered in a name other than that in which this Warrant Certificate is registered, the signature of the holder hereof must be guaranteed.

Signature Guaranteed:

- ------------------------------

Assignment
(To be executed by the registered holder if such holder desires to transfer the Warrant Certificate)

For Value Received, the undersigned registered holder hereby sells, assigns and transfers unto

----
Name of Assignee

Address of Assignee

this Warrant Certificate, together with all right, title and interest therein, and does irrevocably constitute and appoint ____________________ attorney, to transfer the within Warrant Certificate on the books of the Warrant Agent, with full power of substitution.

______________________________ __________________________________
Dated — Signature

Note: The above signature must correspond with the name as written upon the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatsoever.

____
Social Security or Other Taxpayer Identification Number of Assignee

Signature Guaranteed:

____

Exhibit 11.1

INTEL CORPORATION
COMPUTATION OF EARNINGS PER SHARE (2)
(In millions, except per share amounts)

<TABLE>

<S>	Three Months Ended Jun. 28, 1997 <C>	Three Months Ended Jun. 29, 1996 <C>	Six Months Ended Jun. 28, 1997 <C>	Six Months Ended Jun. 29, 1996 <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	1,635	1,648	1,636	1,646
Add shares issuable from assumed exercise of options and warrants	162	128	162	122
Weighted average number of shares outstanding as adjusted	1,797	1,776	1,798	1,768
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	1,635	1,648	1,636	1,646
Add shares issuable from assumed exercise of options and warrants	162	134	162	134
Weighted average number of shares outstanding as adjusted	1,797	1,782	1,798	1,780
NET INCOME	$1,645	$1,041	$3,628	$1,935
PRIMARY EARNINGS PER SHARE	$ 0.92	$ 0.59	$ 2.02	$ 1.09
(1) FULLY DILUTED EARNINGS PER SHARE	$ 0.92	$ 0.58	$ 2.02	$ 1.09

<FN>
<F1>
(1) Earnings per common equivalent share presented on the face of the statements of income represent primary earnings per share. Dual presentation of primary and fully diluted earnings per share has not been made on the statement of income because the differences are insignificant.
<F2>
(2) A two-for-one stock split effected as a special stock distribution was paid on July 13, 1997 to stockholders of record as of June 10, 1997. All share and per share amounts reported herein have been adjusted to reflect the effects of this split.
</FN>
</TABLE>

Exhibit 12.1

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

(in millions)

	Six Months Ended Jun. 28, 1997	Six Months Ended Jun. 29, 1996
Income before taxes	$ 5,625	$ 2,977
Add fixed charges net of capitalized interest	23	13
Income before taxes and fixed charges (net of capitalized interest)	$ 5,648	$ 2,990
Fixed charges:		
Interest	$ 14	$ 8
Capitalized interest	5	17
Estimated interest component of rental expense	9	5
Total fixed charges	$ 28	$ 30
Ratio of earnings before taxes and fixed charges, to fixed charges	202	100

<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
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.
</LEGEND>
<MULTIPLIER> 1,000,000

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-27-1997
<PERIOD-END>	JUN-28-1997
<CASH>	4002
<SECURITIES>	4055
<RECEIVABLES>	3950<F3>
<ALLOWANCES>	0
<INVENTORY>	1443
<CURRENT-ASSETS>	14189
<PP&E>	15833
<DEPRECIATION>	6661
<TOTAL-ASSETS>	25147
<CURRENT-LIABILITIES>	4635
<BONDS>	468
<PREFERRED-MANDATORY>	1566<F1>
<PREFERRED>	0
<COMMON>	3001
<OTHER-SE>	14405
<TOTAL-LIABILITY-AND-EQUITY>	25147
<SALES>	12408
<TOTAL-REVENUES>	12408
<CGS>	4650
<TOTAL-COSTS>	4650
<OTHER-EXPENSES>	1156<F2>
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	14
<INCOME-PRETAX>	5625
<INCOME-TAX>	1997
<INCOME-CONTINUING>	3628
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	3628
<EPS-PRIMARY>	2.02
<EPS-DILUTED>	0<F4>

<FN>
<F1>Item consists of put warrants.
<F2>Item consists of research and development.
<F3>Item shown net of allowance, consistent with the balance sheet presentation.
<F4>Item not reported because immaterially different from primary EPS.
</FN>

</TABLE>