

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the year ended: December 31, 1998

____ TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____ .

Commission file number: 333-20951

INTEL PUERTO RICO RETIREMENT SAVINGS PLAN
P.O. BOX 125
LAS PIEDRAS, PUERTO RICO, 00671
(Full title of the Plan and address of the Plan if different
from that of the issuer named below)

INTEL CORPORATION
(Name of issuer of the securities held pursuant to the Plan)

2200 MISSION COLLEGE BOULEVARD
SANTA CLARA, CALIFORNIA, 95052-8119
(address of principal executive office of issuer)

INTEL PUERTO RICO RETIREMENT SAVINGS PLAN
Index to Financial Statements and Exhibit

Item

Report of Ernst & Young LLP, Independent Auditors

Statement of Net Assets Available for Benefits With Fund
Information at December 31, 1998 and 1997

Statement of Changes in Net Assets Available
for Benefits With Fund Information for the Year Ended
December 31, 1998 and 1997

Notes to Financial Statements

Signature

Exhibit 23 - Consent of Ernst & Young LLP, Independent Auditors

Financial Statements
Intel Puerto Rico
Retirement Savings Plan
Years ended December 31, 1998 and 1997
with Report of Independent Auditors

Intel Puerto Rico Retirement Savings Plan

Financial Statements

Years ended December 31, 1998 and 1997

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS								
Investments in Master Trust, at fair value:								
Interest bearing cash and money market funds	\$ 40,757	\$ -	\$ 19,747	\$ -	\$ -	\$ -	\$ -	\$ -
Shares of registered investment companies	2,992,879	910,847	-	46,912	86,837	341,376	231,758	361,915
Loan participations and corporate bonds, notes, and certificates	199,446	-	199,446	-	-	-	-	-
Guaranteed investment contracts	23,037	-	23,037	-	-	-	-	-
Equity securities	967,589	-	-	-	-	-	-	-
	4,223,708	910,847	242,230	46,912	86,837	341,376	231,758	361,915
Employee receivables	31,041	-	-	-	-	-	-	-
Interest and dividends receivable	1,411	1	1,258	-	-	-	-	-
Total assets	4,256,160	910,848	243,488	46,912	86,837	341,376	231,758	361,915
LIABILITIES								
Payable to brokers for securities purchased	27,217	-	-	-	-	-	-	-
Accrued administrative fees	23,563	-	-	-	-	-	-	-
Total liabilities	50,780	-	-	-	-	-	-	-
Net assets available for benefits	\$4,205,380	\$910,848	\$243,488	\$46,912	\$86,837	\$341,376	\$231,758	\$361,915

See accompanying notes.

</TABLE>

Intel Puerto Rico Retirement Savings Plan
Statement of Net Assets Available for Benefits,
With Fund Information (continued)

December 31, 1998

<TABLE>

Participant-Directed Fund Information

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS							
Investments in Master Trust, at fair value:							
Interest bearing cash and money market funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102	\$20,908
Shares of registered investment companies	228,489	201,634	167,306	321,103	94,702	-	-
Loan participations and corporate bonds, notes, and certificates	-	-	-	-	-	-	-
Guaranteed investment contracts	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	967,589	-
	228,489	201,634	167,306	321,103	94,702	967,691	20,908
Employee receivables	-	-	-	-	-	-	31,041
Interest and dividends receivable	-	-	-	-	-	23	129
Total assets	228,489	201,634	167,306	321,103	94,702	967,714	52,078

LIABILITIES							
Payable to brokers for securities purchased	-	-	-	27,217	-	-	-
Accrued administrative fees	-	-	-	-	-	-	23,563
Total liabilities	-	-	-	27,217	-	-	23,563
Net assets available for benefits							
	\$228,489	\$201,634	\$167,306	\$293,886	\$94,702	\$967,714	\$28,515

See accompanying notes.

</TABLE>

Intel Puerto Rico Retirement Savings Plan
Statement of Net Assets Available for Benefits,
With Fund Information
December 31, 1997

<TABLE>

	Participant-Directed Fund Information							
	Total	Fidelity Institutional Cash Portfolio	Scudder Fixed Income Fund	Fidelity Capital & Income Fund	Fidelity Puritan Fund	Vanguard Institutional Index Fund	Fidelity Growth & Income Portfolio	Fidelity Magellan Fund
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS								
Investments in Master Trust, at fair value:								
Interest bearing cash and money market funds	\$ 53,092	\$ -	\$ 27,314	\$ -	\$ -	\$ -	\$ -	\$ -
Shares of registered investment companies	2,117,961	952,370	-	37,044	45,845	172,286	119,571	204,689
Loan participations and corporate bonds, notes, and certificates	130,131	-	130,131	-	-	-	-	-
Guaranteed investment contracts	22,785	-	22,785	-	-	-	-	-
Equity securities	444,893	-	-	-	-	-	-	-
Total assets	2,768,862	952,370	180,230	37,044	45,845	172,286	119,571	204,689
Employee receivables	13,462	-	-	-	-	-	-	-
Interest and dividends receivable	2,428	5	931	-	-	2,296	1	375
Total assets	2,784,752	952,375	181,161	37,044	45,845	174,582	119,572	205,064
LIABILITIES								
Payable to brokers for securities purchased	6,062	-	-	-	-	-	-	-
Total liabilities	6,062	-	-	-	-	-	-	-
Net assets available for benefits								
	\$2,778,690	\$952,375	\$181,161	\$37,044	\$45,845	\$174,582	\$119,572	\$205,064

See accompanying notes.

</TABLE>

Intel Puerto Rico Retirement Savings Plan
Statement of Net Assets Available for Benefits,
With Fund Information (continued)

December 31, 1997

<TABLE>

Participant-Directed Fund Information

	Fidelity Contrafund	Fidelity Low-Priced Stock Fund	Fidelity Growth Company Fund	Twentieth Century Ultra Fund	American Funds EuroPacific Growth Fund	Intel Stock Fund	Other
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS							
Investments in Master Trust, at fair value:							
Interest bearing cash and money market funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,094	\$ 19,684
Shares of registered investment companies	144,286	75,456	111,870	194,014	60,530	-	-
Loan participations and corporate bonds, notes, and certificates	-	-	-	-	-	-	-
Guaranteed investment contracts	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	444,893	-
	144,286	75,456	111,870	194,014	60,530	450,987	19,684
Employee receivables	-	-	-	-	-	-	13,462
Interest and dividends receivable	-	1	-	-	(1,309)	21	107
Total assets	144,286	75,457	111,870	194,014	59,221	451,008	33,253
LIABILITIES							
Payable to brokers for securities purchased	-	-	-	-	-	6,062	-
Total liabilities	-	-	-	-	-	6,062	-
Net assets available for benefits	\$114,286	\$75,457	\$111,870	\$194,014	\$59,221	\$444,946	\$33,253

See accompanying notes.

</TABLE>

Intel Puerto Rico Retirement Savings Plan

Statement of Changes in Net Assets Available for Benefits,
With Fund Information

Year ended December 31, 1998

<TABLE>

Participant-Directed Fund Information

	Total	Fidelity Insti- tutional Cash Portfolio	Scudder Fixed Income Fund	Fidelity Capital & Income Fund	Fidelity Puritan Fund	Vanguard Insti- tutional Index Fund	Fidelity Growth & Income Portfolio	Fidelity Magellan Fund
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Additions to net assets attributed to:								
Investment income from Master Trust:								
Net realized and unrealized appreciation (depreciation) in fair value of interest	\$ 622,289	\$ -	\$ 1,147	\$(3,592)	\$ 1,536	\$59,211	\$ 31,967	\$ 65,672
Interest and dividends	142,897	48,433	11,745	4,396	6,421	1,487	8,012	14,760
Employee contributions	862,187	-	-	-	-	-	-	-
Total additions	1,627,373	48,433	12,892	804	7,957	60,698	39,979	80,432

Deductions from net assets attributed to:									
Benefits paid to participants and participant withdrawals	177,120	-	-	-	-	-	-	-	-
Administrative fees	23,563								
Total deductions	200,683	-	-	-	-	-	-	-	-
Net transfers between funds	-	(89,960)	49,435	9,064	33,035	106,096	72,207	76,419	
Net increase (decrease)	1,426,690	(41,527)	62,327	9,868	40,992	166,794	112,186	156,851	
Net assets available for benefits:									
Beginning of year	2,778,690	952,375	181,161	37,044	45,845	174,582	119,572	205,064	
End of year	\$4,205,380	\$910,848	\$243,488	\$46,912	\$86,837	\$341,376	\$231,758	\$361,915	

See accompanying notes.

</TABLE>

Intel Puerto Rico Retirement Savings Plan
Statement of Changes in Net Assets Available for Benefits,
With Fund Information (continued)
Year ended December 31, 1998

<TABLE>

	Participant-Directed Fund Information						
		Fidelity	Fidelity	Twentieth	American Funds		
	Fidelity	Low-Priced	Growth	Century	EuroPacific	Intel	Other
	Contrafund	Stock Fund	Company Fund	Ultra Fund	Growth Fund	Stock Fund	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Additions to net assets attributed to:							
Investment income from Master Trust:							
Net realized and unrealized appreciation (depreciation) in fair value of interest	\$35,750	\$(11,823)	\$22,814	\$47,611	\$10,153	\$361,843	\$-
Interest and dividends	16,828	14,525	11,468	2	2,352	1,222	1,246
Employee contributions	-	-	-	-	-	-	862,187
Total additions	52,578	2,702	34,282	47,613	12,505	363,065	863,433
Deductions from net assets attributed to:							
Benefits paid to participants and participant withdrawals	-	-	-	-	-	-	177,120
Administrative fees	-	-	-	-	-	-	23,563
Total deductions	-	-	-	-	-	-	200,683
Net transfers between funds	31,625	123,475	21,154	52,259	22,976	159,703	(667,488)
Net increase (decrease)	84,203	126,177	55,436	99,872	35,481	522,768	(4,738)
Net assets available for benefits:							
Beginning of year	144,286	75,457	111,870	194,014	59,221	444,946	33,253

End of year	\$228,489	\$201,634	\$167,306	\$293,886	\$94,702	\$967,714	\$28,515
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See accompanying notes.

</TABLE>

Intel Puerto Rico Retirement Savings Plan

Statement of Changes in Net Assets Available for Benefits,
With Fund Information

Year ended December 31, 1997

<TABLE>

Participant-Directed Fund Information

	Total	Fidelity Insti- tutional Cash Portfolio	Scudder Fixed Income Fund	Fidelity Capital & Income Fund	Fidelity Puritan Fund	Vanguard Insti- tutional Index Fund	Fidelity Growth & Income Portfolio	Fidelity Magellan Fund
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Additions to net assets attributed to:								
Investment income from Master Trust:								
Net realized and unrealized appreciation (depreciation) in fair value of interest	\$ 109,733	\$ -	\$ 918	\$ 2,092	\$ 3,852	\$ 34,207	\$ 17,824	\$ 23,294
Interest and dividends	113,542	47,294	10,821	2,135	3,371	1,240	4,869	12,555
Employee contributions	731,922	-	-	-	-	-	-	-
Total additions	955,197	47,294	11,739	4,227	7,223	35,447	22,693	35,849
Deductions from net assets attributed to:								
Benefits paid to participants and participant withdrawals	178,506	-	-	-	-	-	-	-
Total deductions	178,506	-	-	-	-	-	-	-
Net transfers between funds	- (128,193)		21,041	9,797	6,516	29,092	42,420	43,687
Net increase (decrease)	776,691	(80,899)	32,780	14,024	13,739	64,539	65,113	79,536
Net assets available for benefits:								
Beginning of year	2,001,999	1,033,274	148,381	23,020	32,106	110,043	54,459	125,528
End of year	\$2,778,690	\$ 952,375	\$181,161	\$37,044	\$45,845	\$174,582	\$119,572	\$205,064

See accompanying notes.

</TABLE>

Intel Puerto Rico Retirement Savings Plan

Statement of Changes in Net Assets Available for Benefits,
With Fund Information (continued)

Year ended December 31, 1997

<TABLE>

Participant-Directed Fund Information

American

	Fidelity Contrafund	Fidelity Low-Priced Stock Fund	Fidelity Growth Company Fund	Twentieth Century Ultra Fund	Funds EuroPacific Growth Fund	Intel Stock Fund	Other
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Additions to net assets attributed to:							
Investment income from Master Trust:							
Net realized and unrealized appreciation (depreciation) in fair value of interest	\$ 9,782	\$ 7,005	\$ 4,428	\$ 32,807	\$ 2,024	\$ (28,500)	\$ -
Interest and dividends	13,583	4,796	10,535	75	263	758	1,247
Employee contributions	-	-	-	-	-	-	731,922
Total additions	23,365	11,801	14,963	32,882	2,287	(27,742)	733,169
Deductions from net assets attributed to:							
Benefits paid to participants and participant withdrawals	-	-	-	-	-	-	178,506
Total deductions	-	-	-	-	-	-	178,506
Net transfers between funds	20,780	16,093	19,432	2,208	15,318	472,688	(570,879)
Net increase (decrease)	44,145	27,894	34,395	35,090	17,605	444,946	(16,216)
Net assets available for benefits:							
Beginning of year	100,141	47,563	77,475	158,924	41,616	-	49,469
End of year	\$144,286	\$75,457	\$111,870	\$194,014	\$59,221	\$444,946	\$33,253

See accompanying notes.

</TABLE>

Intel Puerto Rico Retirement Savings Plan

Notes to Financial Statements

December 31, 1998

1. DESCRIPTION OF THE PLAN

The following description of the Intel Puerto Rico Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution plan covering all employees of Intel Puerto Rico, (the Company). Employees are eligible to participate in the Plan, effective the first day of the calendar quarter following thirty days of service.

The Plan is intended to be qualified under Section 1165(a) and Section 1165(e) of the Puerto Rico Internal Revenue Code of 1994, as amended and pursuant to Section 1022(i)(2) of the Employee Retirement Income Security Act of 1974 (ERISA) under Section 401(a) and Section 401(k) of the U.S. Internal Revenue Code of 1986 (the Code).

TRUSTEE

Mellon Bank N.A. (the Custodian) is the Plan's custodian, and Banco Popular de Puerto Rico (the Trustee) is the trustee of the Plan. Prior to February 1998, Chase Manhattan Bank was the Trustee of the Plan.

CONTRIBUTIONS AND PARTICIPANT ACCOUNTS

Participant Contributions

Participants are allowed to contribute from 1% to 10% (limited to certain

percentages for highly compensated individuals) of their annual compensation on a before-tax basis (to a maximum amount of \$8,000 in 1998 and \$7,500 in 1997). Such contributions are withheld by the Company from each participant's compensation and deposited in the appropriate fund in accordance with the participant's directives. Participants may change their investment elections on a monthly basis.

Participant contributions and the allocation of the Company contributions and forfeitures to each participant in total for the Plan and the Intel Puerto Rico Profit Sharing Retirement Plan are limited to the lesser of \$30,000 or 25% of a participant's compensation.

Intel Puerto Rico Retirement Savings Plan

Notes to Financial Statements (continued)

1. DESCRIPTION OF THE PLAN (continued)

CONTRIBUTIONS AND PARTICIPANT ACCOUNTS (continued)

Participant Accounts

- -----

Separate accounts are maintained for each participant. The account balances are generally adjusted as follows:

- Biweekly for participant contributions.
- Daily for a pro rata share of gains or losses on the Plan's investments based on the ratio that each participant's account bears to the total of all such accounts.

VESTING

Participants are immediately 100% vested with respect to contributions to all accounts in the Plan as well as the related earnings from such contributions.

PAYMENT OF BENEFITS

Participants are eligible for a distribution of plan benefits upon termination of service, financial hardship (as defined by the Plan), or death. Upon termination of service, the normal form of benefit is an annuity. However, a participant may elect, with spousal consent, to have benefits paid in a single lump sum. In the event of financial hardship or death, the benefits are usually paid in a single lump sum.

ADMINISTRATIVE EXPENSES

In 1998, all audit and trustee-related expenses were paid by the Plan. All other administrative expenses were paid by the Company. In 1997, all administrative expenses were paid by the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

Intel Puerto Rico Retirement Savings Plan

Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments in the Master Trust (see Note 4) are stated at the Plan's proportionate share of participation in the Master Trust, based upon the fair value of Master Trust investments held at year end.

Investments in interest bearing cash, money market funds, shares of registered investment companies, loan participations, corporate bonds, notes, and certificates are stated at fair value as of the last day of the year. The fair value for securities traded on a national securities exchange or over-the-counter market is the last reported sales price as of the valuation date. The shares of registered investment companies are valued at quoted market prices

that represent the net asset values of shares held by the Plan at year end. Interest bearing cash and money market funds are stated at cost plus accrued interest which approximates fair value.

Investments not traded in an active market are stated at fair value, computed using pricing models at current rates. Investment income includes the gain (loss) realized on the sale of securities and unrealized appreciation (depreciation) in the fair value of investments held by the Plan, which is the difference between the fair value of investments at the beginning and the end of the year.

The Master Trust holds wrapper contracts specifically allocated to the Plan in order to manage market risks and to alter the return characteristics of underlying securities to match certain fixed income fund objectives (see Note 5). Wrapper contracts with insurance companies are stated at fair value as of the last day of the year and are netted against the fair value of the related underlying investment.

Investment transactions are recognized as of their trade dates, and collateral has been obtained and secured against investments whenever deemed necessary. Interest is accrued monthly; dividends are accrued when declared.

Guaranteed investment contracts are entered into with insurance companies. The contracts, which are unallocated in nature, are valued at contract value, which approximates fair value, as reported to the Plan by the respective insurance companies. Contract value represents contributions made under the contracts plus interest at the contract rates less withdrawals and administrative expenses. If the funds in the guaranteed investment contracts are needed for benefit payments prior to contract maturity, they may be withdrawn without penalty.

Intel Puerto Rico Retirement Savings Plan

Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PAYMENT OF BENEFITS

Benefits are recorded when paid.

CONTRIBUTIONS

Participant contributions are accrued by the Plan when the deferrals are made from the participants' salaries.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities" (FAS 133). The Plan anticipates adoption of FAS 133 no earlier than in the year 2000. Management of the Plan is currently evaluating the effects of the statement, but because the Plan accounts for all financial instruments at fair value (or amounts that approximate fair value), the Plan's management does not anticipate that the adoption of the new statement will have a significant effect on the recognized investment income or the net assets available for benefits of the Plan.

3. INVESTMENTS

INVESTMENT OPTIONS

During 1998, participants had the option to direct the investment of their voluntary contributions to the Plan in increments of 10% among the following investment funds:

Fidelity Institutional Cash Portfolio

- - - - - This mutual fund invests in high-quality, short-term money market securities of U.S. and foreign issuers. The objective of the fund is to preserve the participant's investment, maintain a stable price, and provide current income.

Intel Puerto Rico Retirement Savings Plan

3. INVESTMENTS (CONTINUED)

INVESTMENT OPTIONS (CONTINUED)

Scudder Fixed Income Fund

- - - - - The objective of this fund is to provide participants with a stable fixed-rate return of investment and protection of principal from changes in market interest rates. This fund invests in guaranteed investment contracts with insurance companies and approved financial institutions and other debt instruments with similar characteristics.

Fidelity Capital and Income Fund

- - - - - This mutual fund invests primarily in higher yielding, lower quality debt securities.

Fidelity Puritan Fund

- - - - - This mutual fund invests in securities of U.S. and foreign issuers, including those in emerging markets. The securities include bonds of any quality, common stocks, and preferred stocks.

Vanguard Institutional Index Fund

- - - - - This mutual fund seeks to replicate the overall market performance as measured by the Standard & Poor's 500 Index (S&P 500 Index). This fund holds the same 500 stocks that are included in the S&P 500 Index.

Fidelity Growth and Income Portfolio

- - - - - This mutual fund invests primarily in U.S. and foreign stocks, focusing on those that pay current dividends.

Fidelity Magellan Fund

- - - - - This mutual fund invests primarily in common stocks of small, medium, and large foreign and U.S. companies. Investments are broadly diversified across many different types and sizes of companies and industries.

Fidelity Contrafund

- - - - - The objective of this mutual fund is to increase the value of the participant's investment by investing in common stocks that are currently out of public favor.

Fidelity Low-Priced Stock Fund

- - - - - This mutual fund invests primarily in undervalued stocks of smaller, less well-known companies that have potential for significant growth or stocks of companies that are out of favor with other investors.

Intel Puerto Rico Retirement Savings Plan

Notes to Financial Statements (continued)

3. INVESTMENTS (CONTINUED)

INVESTMENT OPTIONS (CONTINUED)

Fidelity Growth Company Fund

- - - - - This mutual fund invests primarily in stocks of companies with earnings or revenues that indicate the potential for above-average growth.

Twentieth Century Ultra Fund

- - - - - This mutual fund invests primarily in common stocks of small- and mid-size companies whose earnings and revenues are accelerating. Investments are broadly diversified across many different types and sizes of companies and industries.

American Funds EuroPacific Growth Fund

- - - - - This mutual fund invests primarily in stocks of companies whose principal business activities are outside the U.S. Usually, at least 65% of the fund's total assets will be invested in securities of issuers from Europe or the Pacific Basin. The fund can invest in many types of companies, ranging from large multinational corporations located in major world markets to smaller companies located in emerging markets.

Intel Stock Fund

- ----- - This fund provides participants the option to have their voluntary 165 (e) contributions invested solely in Intel Corporation common stock. Transactions within this fund qualify as party-in-interest transactions.

GUARANTEED INVESTMENT CONTRACTS

The Master Trust held guaranteed investment contracts with insurance companies allocated to the Plan in order to provide participants with a stable, fixed-rate return of investment and protection of principal from changes in market interest rates. As of December 31, 1998, the Master Trust held guaranteed investment contracts in the amount of \$4,891,000 with insurance companies that have Standard & Poor's ratings of AA or better at the time of purchase. No more than approximately \$2,904,000 of the guaranteed investment contracts is with any one insurance company.

Intel Puerto Rico Retirement Savings Plan

Notes to Financial Statements (continued)

4. INTEREST IN THE MASTER TRUST

All of the investments of the Plan are held in the Master Trust which consists of the assets of the Plan, the Intel Corporation Profit Sharing Retirement Plan, the Intel Corporation Defined Benefit Pension Plan, the Intel Puerto Rico Profit Sharing Retirement Plan, the Intel Corporation 401(k) Savings Plan, and the Intel Puerto Rico Defined Benefit Pension Plan. Each plan shares in the assets and earnings of the Master Trust in proportion to its respective interests in the Master Trust. The Custodian holds all investments of the Master Trust. Assets within mutual funds are managed by the respective mutual fund managers. Scudder, Stevens & Clark has discretionary authority for the purchase and sale of investments in the Scudder Fixed Income Fund, subject to the general investment policies of the Investment Policy Committee of the Plan.

The following is a summary of the assets and liabilities of the Master Trust and the interest of the Plan in the Master Trust as of December 31 (in thousands, except percentages):

	1998	1997
<S>	<C>	<C>
Total assets	\$3,983,080	\$2,797,183
Total liabilities	\$ 38,055	\$ 2,178
Increase in net trust assets for the years then ended	\$1,150,020	\$ 826,673
The Plan's ownership percentage	0.11%	0.10%

</TABLE>

5. WRAPPER CONTRACTS

The Master Trust holds wrapper contracts in order to manage market risks and to alter the return characteristics of underlying securities to match certain fixed income fund objectives. Wrapper contracts generally change the investment characteristics of underlying securities (such as corporate debt or U.S. government securities) to those of guaranteed investment contracts. Guaranteed investment contracts provide participants with a stable, fixed-rate return of investment and protection of principal from changes in market interest rates. The wrapper contracts provide that benefit-responsive distributions for specific underlying securities may be withdrawn at contract or face value. Benefit-responsive distributions are generally defined as a withdrawal on account of a participant's retirement, disability, death, or participant-directed transfers in accordance with the terms of the Plan. As of December 31, 1998 and 1997, the Master Trust held wrapper contracts with a notional amount of \$33,832,000 and \$26,444,000 with a fair value of approximately (\$36,000) and (\$113,000), respectively.

Intel Puerto Rico Retirement Savings Plan

Notes to Financial Statements (continued)

6. CONCENTRATION OF CREDIT RISK

The Plan's exposure to a concentration of credit risk is limited by the diversification of investments across thirteen participant-directed fund elections. Additionally, the investments within each participant-directed fund election are further diversified into varied financial markets. The Plan's exposure to credit risk on the wrapper contracts in the Scudder Fixed Income Fund is limited to the fair value of the contracts with each counterparty.

7. DIFFERENCES BETWEEN FINANCIAL STATEMENTS AND THE FORM 5500

The following is a reconciliation of net assets available for benefits per the statement of net assets available for benefits to the Form 5500 as of December 31:

	1998	1997
	-----	-----
<S>	<C>	<C>
Net assets available for benefits per the financial statements	\$ 4,205,380	\$ 2,778,690
Amounts allocated to withdrawing participants	(10,752)	(5,171)
	-----	-----
Net assets available for benefits per the Form 5500	\$ 4,194,628	\$ 2,773,519
	=====	=====

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, 1998 but not yet paid as of that date.

The following is a reconciliation of benefits paid to participants per the statement of changes in net assets available for benefits to the Form 5500:

	1998	1997
	-----	-----
<S>	<C>	<C>
Benefits paid to participants per the financial statements	\$177,120	\$178,506
Amounts allocated on the Form 5500 to withdrawn participants at December 31, 1998	10,752	-
Amounts allocated on the Form 5500 to withdrawn participants at December 31, 1997	(5,171)	5,171
	-----	-----
Benefits paid to participants per the Form 5500	\$182,701	\$183,677
	=====	=====

Intel Puerto Rico Retirement Savings Plan

Notes to Financial Statements (continued)

8. INCOME TAX STATUS

The Internal Revenue Service has informed the Company by a letter dated, December 10, 1992, that the Plan and related trust is qualified and the trust established under the Plan is tax exempt under the appropriate sections of the Code. The Company has also received a determination letter, dated May 11, 1993, from the Puerto Rico Department of the Treasury that the Plan meets the requirements for qualification under Puerto Rico income tax laws and that the trust forming a part of the Plan is exempt from income taxes. The Plan has been amended since receiving the determination letters. However, the plan administrator and the Plan's internal tax counsel believe that the Plan is designed and is currently being operated in compliance with the Code and Puerto Rico income tax law.

9. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to amend or terminate the Plan at any time and for any reason. The Plan may be amended by the Board of Directors of the Company. No amendment of the Plan shall reduce the benefit of any participant, which accrued under the Plan prior to the date when such amendment is adopted. In the event of a plan termination, participants will remain 100% vested in their accounts.

10. YEAR 2000 COMPLIANCE (UNAUDITED)

The Company has developed a plan to modify its internal information technology to be ready for the year 2000 and has begun converting critical data processing systems. The Company plans to have internal applications relevant to the Plan year 2000 capable by mid-1999. The Company's plan also includes determining whether third-party service providers have reasonable plans in place to become year 2000 capable. The Company has been informed that the administrator and the Trustee of the Plan expect implementation and testing of action plans to be complete prior to July 31, 1999. The Company has also been informed that the investment managers expect implementation and testing of action plans to be complete prior to September 30, 1999. The Company does not expect the year 2000 projects discussed above to have a significant effect on plan operations.

SIGNATURE

The Plan. Pursuant to the requirements of the Securities and Exchange Act of 1934, the Plan Administrator has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

INTEL PUERTO RICO RETIREMENT SAVINGS PLAN
(Full Title of the Plan)

Date: June 25, 1999

By: /s/ Andy D. Bryant

Andy D. Bryant
Senior Vice President and
Chief Financial Officer of Intel Corporation,
Plan Administrator

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-20951) pertaining to the Intel Puerto Rico Retirement Savings Plan of our report dated April 14, 1999, with respect to the financial statements of the Intel Puerto Rico Retirement Savings Plan included in this Annual Report (Form 11-K) for the year ended December 31, 1998.

/s/ ERNST & YOUNG LLP

San Jose, California
June 25, 1999