UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report: July 19, 2006
(Date of earliest event reported)

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

Delaware	0-06217	94-1672743
(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2200 Mission College Blvd., Santa Clara, California	95054-1549
(Address of principal executive offices)	(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4c))

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Attached hereto as Exhibit 99.1 and incorporated by reference herein is financial information for Intel Corporation for the quarter ended July 1, 2006 and forward-looking statements relating to 2006 and the third quarter of 2006 as presented in a press release of July 19, 2006. The information in this report shall be deemed incorporated by reference into any registration statement heretofore or hereafter filed under the Securities Act of 1933, as amended, except to the extent that such information is superseded by information as of a subsequent date that is included in or incorporated by reference into such registration statement. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

In addition to disclosing financial results calculated in accordance with United States (U.S.) generally accepted accounting principles (GAAP), the company's earnings release contains non-GAAP financial measures that exclude the effects of share-based compensation and the requirements of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123(R)). The non-GAAP financial measures used by management and disclosed by the company exclude the income statement effects of all forms of share-based compensation and the effects of SFAS No. 123(R) upon the number of diluted common shares used in calculating non-GAAP earnings per share.

The non-GAAP financial measures disclosed by the company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations to those financial statements should be carefully evaluated. The non-GAAP financial measures used by the company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. The company has provided reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures. The company applied the modified prospective method of adoption of SFAS No. 123(R), under which the effects of SFAS No. 123(R) are reflected in the company's GAAP financial statement presentations for and after the first quarter 2006, but are not reflected in results for prior periods.

In managing the company's business on a consolidated basis, consistent with how we managed the business prior to implementation of FAS 123(R), management develops an annual budget that includes all components of the income statement, exclusive of share-based compensation. Gross margin, expenses (research and development and marketing, general and administrative), operating income, income taxes, net income and diluted earnings per share (EPS) are the primary consolidated financial measures management uses for planning and forecasting future periods that are affected by shared-based compensation. The company's budget and planning process commences with a segment-level evaluation which excludes share-based compensation, and culminates with the preparation of a consolidated annual and/or quarterly budget that includes these non-GAAP financial measures. This budget, once finalized and approved, serves as the basis for the allocation of resources and management of operations. The number of full-time equivalent employees working in manufacturing, research and development and marketing, general and administrative related roles is determined through the budgeting process exclusive of share-based compensation. Segment managers are not held accountable for share-based compensation charges and therefore the budget and planning process, which involves headcount planning, excludes the effects of share-based compensation. In addition, our tax strategies are determined on a consolidated basis exclusive of the expenses and related tax benefit relating to share-based compensation. The accounting expense impact of share-based compensation is not discussed nor considered when assessing and determining the appropriate level of budgeted expenses for gross margin, research and development, marketing, general and administrative expenses. Accordingly, such amounts are also excluded from the budgeted operating income, net income and earnings per share. GAAP-basis financial statements which include the effects of share-based compensation are only reviewed and analyzed for purposes of external reporting where GAAP-basis financial statements are necessary.

Under our budget and planning process, consistent with prior to the adoption of FAS 123(R), when we seek to reduce unit costs with the goal of increasing gross margin, management does not consider the effects of share-based compensation. When assessing the level of R&D effort currently or prospectively, consistent with prior to the adoption of FAS 123(R), management does not consider the effects of share-based compensation. When making decisions about project spending, administrative budgets, or marketing programs, management does not consider the effects of share-based compensation.

In addition to using the budget process for planning and resource allocation, on a quarterly basis we analyze the performance of our business on a consolidated basis by comparing our gross margin, expenses (research and development and marketing, general and administrative), operating income, net income and diluted earnings per share, each excluding share-based compensation, to the prior period and forecasted amounts developed during the budget and planning process, also excluding share-based compensation. We use these quarterly assessments to evaluate the performance of the business against prior periods and budget and to develop our business outlook which we communicate to investors.

Consistent with prior to the adoption of FAS 123(R), the company's share-based compensation programs are established and managed on a company-wide basis, including specification of grant types and amount ranges for employees by category and grade. Our philosophy relative to share-based compensation programs is built on the principle that equity compensation should seek to align employees' actions and behaviors with stockholders' interest; be market competitive; be able to attract, motivate and retain the best employees; and support Intel's belief in a broad-based approach. Share based compensation granted to employees is in addition to, not in lieu of, cash compensation. Accordingly, our share-based compensation program is evaluated separately from the cost of other compensation programs. Specifically, our share-based compensation programs are carefully evaluated from the perspective of the resulting dilution and other metrics, and not from the resulting expense to be recorded. For example, our goal has been to keep the potential incremental dilution related to our equity incentive programs (stock options and restricted stock units) to a long-term average of less than 2% annually. The dilution percentage is calculated using the new equity-based awards, net of equity-based awards cancelled due to employees leaving the company and expired stock options, divided by the total outstanding shares at the beginning of the year. Further, as noted above, segment managers are not held accountable for share-based compensation charges, and these charges do not impact their business unit's operating income (loss). Accordingly, share-based compensation charges also are excluded from the company's measure of segment profitability (operating income). Therefore, when evaluating segment and operating income, management and the Board of Directors exclude share-based compensation.

Operating income and net income, both on a per-share basis, are calculated excluding share-based compensation for purposes of evaluating profit-dependent cash incentive compensation paid to employees, including senior management. For example, for 2006 the executive compensation cash incentive plan formula measures EPS as the greater of (x) Intel's operating income or (y) Intel's net income (in both cases excluding the effect of share-based compensation), divided by Intel's weighted average diluted common shares outstanding, excluding the effects of share-based compensation. The calculation of diluted common shares outstanding, excluding the effects of share-based compensation, excludes the proceeds from the remaining unamortized share-based compensation, and adjusts the proceeds from tax benefits by excluding the effects of share-based compensation. The calculation of diluted common shares outstanding, excluding the effects of share-based compensation is similar to the calculation of diluted common shares outstanding, as reported, prior to the adoption of SFAS 123(R). Accordingly, when budgeting for the company's profit-dependent cash incentives, the company applies the formula above to calculate earnings per share excluding share-based compensation so as to be able to factor the appropriate amount of profit dependent cash incentive into the budget.

The company discloses this non-GAAP information to the public to enable investors who wish to more easily assess the company's performance on the same basis applied by management and to ease comparison on both a GAAP and non-GAAP basis to our prior period results. In particular, as the company begins to apply SFAS No. 123(R), the company believes that it is useful to investors to understand how the expenses and other adjustments associated with the application of SFAS No. 123(R) are being reflected on the company's income statements. Management believes gross margin, excluding share-based compensation, R&D, excluding share-based compensation, and marketing, general, and administrative, excluding share-based compensation, are useful information for investors because the GAAP measure when compared in isolation with last year would indicate a level of increase in those expenses inconsistent with actual performance. We believe that the non-GAAP measures serve to provide a baseline for investors in this first year of adoption to compare actual results for the current year, excluding share-based compensation to the prior year GAAP amounts which exclude share-based compensation. We believe this comparison also is useful to allow investors to more easily evaluate our results from a period-to-period comparability perspective.

Management believes operating income and net income, excluding share-based compensation, is useful information to investors because it assists investors in evaluating operating income and net income consistent with how management evaluates performance and to understand the basis for the company's profit dependent cash incentive plan. Especially in this first year of applying the provisions of FAS 123(R), we believe operating and net income as reported in our income statement are not comparable to prior year period amounts, and may lead the investor to believing business has declined more significantly than would be caused by actual changes in the business (as opposed to changes in accounting treatment between years). When presenting net income, excluding share-based compensation, we believe it appropriate to exclude the related tax benefit recognized in the financial statements for purposes of presenting net income or EPS, excluding share-based compensation. Providing diluted earnings per share, excluding share-based compensation assists investors in evaluating diluted earnings per share compared to prior periods. Especially in this first year of applying the provisions of FAS 123(R), we believe diluted earnings per share as reported in our income statement is not comparable to prior year amounts.

The basis for the company's decision to use these non-GAAP measures excluding share-based compensation is that management has determined in this first year of adoption of FAS 123(R) to continue to evaluate the business on the same basis as prior to the implementation of FAS 123(R) until there is greater familiarity with its effects and until the second year after adoption of FAS 123(R) when financial information is prepared and presented on a consistent basis with the prior year. Share-based compensation represents: 0.8 points of gross margin, $126 million of research and development expenses, $140 million of marketing, general and administrative expenses, $332 million reduction in total operating income, $239 million reduction in total net income, and a $0.04 reduction in diluted earnings per share for the quarter ended July 1, 2006, compared to zero for all such measures in the quarter ended July 2, 2005. Share-based compensation represents: 1 point of gross margin, $135 million of research and development expenses, $153 million of marketing, general and administrative expenses, $374 million reduction in total operating income, $264 million reduction in total net income, and a $0.04 reduction in diluted earnings per share for the quarter ended April 1, 2006.

Unlike other forms of compensation, share-based compensation was not recognized prior to January 1, 2006 when we adopted the provisions of SFAS No. 123(R). Additionally, when management determines the annual merit and promotional budget for compensation, the expense effects of share-based compensation are not considered. Rather share-based awards are generally granted via a fixed formula depending on position and level of the employee. In addition, segment managers are held accountable for other forms of compensation, and as such those compensation charges are included in the segments' results and in the budget and planning processes of our reporting segments.

A material limitation associated with the use of these measures as compared to the related GAAP measures is that they may reduce comparability with other companies who may use different types of equity incentive awards, or whose compensation structures may use share-based compensation to a greater or lesser extent as part of their overall compensation. These differences may cause our non-GAAP measures excluding share-based compensation to not be comparable to other companies' non-GAAP measures excluding share-based compensation. Other material limitations associated with the use of these measures as compared to the GAAP comparable measure include: gross margin, excluding share-based compensation does not include all costs related to the cost of inventory sold during the period; research and development, excluding share-based compensation does not include all costs related to the research and development needed to bring new products to the market; marketing, general and administrative expenses excluding share-based compensation does not include all costs related to the marketing, general and administrative efforts required to manage our company and sell our products. A material limitation with using operating income excluding share-based compensation, net income excluding share-based compensation and diluted earnings per share, excluding share-based compensation is that they do not include all costs typically included in the presentation of the comparable GAAP measure, and they may not include all costs related to hiring and retaining qualified employees.

Although these non-GAAP financial measures adjust cost, expenses and diluted share items to exclude the accounting treatment of share-based compensation, they should not be viewed as a pro forma presentation reflecting the elimination of the underlying share-based compensation programs. Thus, our non-GAAP presentations are not intended to present, and should not be used, as a basis for assessing what our operating results might be if we were to eliminate our share-based compensation programs. Our equity incentive programs are an important element of the company's compensation structure and generally accepted accounting principles indicate that all forms of share-based payments should be valued and included as appropriate in results of operations.

Because of the foregoing limitations, management does not intend to use the non-GAAP financial measures when assessing the company's performance against that of other companies. The company manages its share-based programs in the aggregate against certain metrics rather than reviewing financial statement impacts by financial statement line item. Specifically, our goal has been to keep the potential incremental dilution related to our equity incentive programs (stock options and restricted stock units) to a long-term average of less than 2% annually. The dilution percentage is calculated using the new equity-based awards, net of equity-based awards cancelled due to employees leaving the company and expired stock options, divided by the total outstanding shares at the beginning of the year.

SIGNATURES

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

INTEL CORPORATION
(Registrant)

Date: July 19, 2006

By: /s/ Andy D. Bryant

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

Exhibit 99.1

Intel Second-Quarter Revenue $8 Billion

SANTA CLARA, Calif.--(BUSINESS WIRE)--July 19, 2006--Intel Corporation:

- Operating income $1.1 billion ($1.4 billion excluding share-based compensation)
- EPS 15 cents (19 cents excluding share-based compensation)
- New Intel(R) Core(TM) microarchitecture shipping in server, desktop and mobile

Intel Corporation today announced second-quarter revenue of $8 billion, operating income of $1.1 billion, net income of $885 million and earnings per share (EPS) of 15 cents. Excluding the effects of share-based compensation, the company posted operating income of $1.4 billion, net income of $1.1 billion and EPS of 19 cents.

"In 2006 we are delivering the strongest product lineup in the industry, with many of these new products shipping ahead of schedule," said Intel President and CEO Paul Otellini. "Our new Intel(R) Core(TM) microarchitecture is powering the world's best microprocessors for PCs and volume servers, products whose performance and energy efficiency are generating unprecedented industry response and the largest number of design wins at launch in Intel's history. We are also extending our lead in manufacturing technology, with the majority of microprocessor production this year on our advanced 65nm process."

GAAP Results (including the effects of share-based compensation)

	Q2 2006	vs. Q2 2005	vs. Q1 2006
Revenue	$8 billion	-13%	-10%
Operating Income	$1.1 billion	-60%	-38%
Net Income	$0.9 billion	-57%	-35%
EPS	15 cents	-55%	-35%

Note: GAAP results for 2005 periods do not include the effects of share-based compensation. Results for the first quarter of 2006 included discrete tax adjustments that increased EPS by approximately 1 cent. Results for the second quarter of 2005 included discrete tax adjustments that increased EPS by approximately 2 cents.

Non-GAAP Results (excluding the effects of share-based compensation)

	Q2 2006	vs. Q2 2005	vs. Q1 2006
Operating Income	$1.4 billion	-47%	-33%
Net Income	$1.1 billion	-45%	-31%
EPS	19 cents	-42%	-30%

Note: Results for the first quarter of 2006 included discrete tax adjustments that increased EPS by approximately 1 cent. Results for the second quarter of 2005 included discrete tax adjustments that increased EPS by approximately 2 cents.

Financial Review

Second-quarter gross margin was 52.1 percent, versus an expectation in April of 49 percent, plus or minus a couple of points. Gross margin benefited from better than expected microprocessor and chipset unit costs and inventory valuation, offset by lower than expected microprocessor average selling prices (ASPs).

Key Product Trends (Sequential)

- Total microprocessor units were lower. The ASP was lower.
- Chipset units were flat.

-- Motherboard units were lower.

-- Flash memory units were higher.

Sales Patterns

Sequential revenue in all of the company's major regions was below normal seasonal patterns. Microprocessor unit sales were below seasonal patterns as customers reduced their processor inventory levels to seasonally appropriate levels in a highly competitive pricing environment.

	Q2 2006	vs. Q1 2006	vs. Q2 2005
Asia-Pacific	$4 billion	-6%	-14%
Americas	$1.7 billion	-10%	-8%
Europe	$1.4 billion	-19%	-24%
Japan	$906 million	-13%	+3%

Recent Events

-- Intel opened its third 65nm, 300mm wafer fab during the quarter. The company's advanced technology is sustaining record high yields and is on track to enable a shipment crossover to 65nm processors during the third quarter.

-- The company began a major transition to the energy-efficient Intel Core microarchitecture, the most significant design improvement since the architecture of the Pentium(R) 4 processor was introduced in 2000. For dual-processor servers, the company launched the Intel(R) Xeon(R) 5100 family, setting a broad range of new world records in X86 server performance and performance-per-watt. The Intel(R) Core(TM) 2 Duo processor for desktop PCs began shipping during the quarter ahead of its formal launch July 27 and has already set performance records across dozens of industry-standard PC performance tests. The mobile PC version of the Intel Core 2 Duo processor is also shipping now, one month ahead of schedule.

-- For large enterprise servers, Intel launched the Dual-Core Intel(R) Itanium(R) 2 processor, bringing as much as twice the performance of earlier models while using 20 percent less power.

-- The company announced that its next-generation Intel Xeon processor for multiprocessor (MP) servers is shipping now, approximately two quarters ahead of schedule. Intel also notified customers that its first quad-core microprocessors for server and desktop systems are ahead of schedule, with shipments expected in the fourth quarter of this year rather than the first half of 2007.

-- Intel ramped production of new chipsets on its 90nm, 300mm technology. The company launched the Intel(R) 965 Express chipset, formerly code-named Broadwater, which supports advanced manageability, power management and memory control features. One version of the chipset family will offer programmable fourth-generation integrated graphics.

-- Under an ongoing program to improve operational efficiency and results, the company announced the planned sale of its communications and application processor business to Marvell Technology Group. The company also eliminated approximately 1,000 management positions within the company.

Business Outlook and Risk Factors Regarding Forward-Looking Statements

The following expectations do not include the potential impact of any mergers, acquisitions, divestitures or other business combinations that may be completed after July 18.

Q3 2006 Outlook

-- Revenue: Expected to be between $8.3 billion and $8.9 billion.

-- Gross margin: 49 percent, plus or minus a couple of points (50 percent, plus or minus a couple of points, excluding share-based compensation effects of approximately 1 percent).

-- Expenses (R&D plus MG&A): Approximately $3 billion (approximately $2.7 billion excluding share-based compensation effects of approximately $300 million).

-- Net gains from equity investments and interest and other: Approximately $220 million.

-- Tax rate: Approximately 30.5 percent.

-- Depreciation: Between $1.1 billion and $1.2 billion.

-- Amortization of acquisition-related intangibles and costs: Approximately $10 million.

Revised 2006 Outlook

The previous Business Outlook for 2006 can be found in the company's first-quarter 2006 earnings release, available at www.intc.com.

-- Revenue: Fourth-quarter revenue is expected to follow normal seasonal patterns.

-- Gross margin: 51 percent, plus or minus a few points (52 percent, plus or minus a few points, excluding share-based compensation effects of approximately 1 percent).

-- R&D: Approximately $6 billion (approximately $5.5 billion excluding share-based compensation effects of approximately $500 million).

-- MG&A: Approximately $6.1 billion (approximately $5.5 billion excluding share-based compensation effects of approximately $600 million).

-- Capital spending: $6.2 billion, plus or minus $200 million.

-- Tax rate: Approximately 30.5 percent for the fourth quarter, unchanged.

-- Depreciation: $4.7 billion plus or minus $100 million, unchanged.

-- Amortization of acquisition-related intangibles and costs: Approximately $45 million, unchanged.

The above statements and any others in this document that refer to plans and expectations for the third quarter, the year and the future involve a number of risks and uncertainties. Many factors could cause Intel's actual results to differ materially from current expectations, including the following:

-- Intel operates in intensely competitive industries that are characterized by a high percentage of costs that are fixed or difficult to reduce in the short term, significant pricing pressures, and product demand that is highly variable and difficult to forecast. Additionally, Intel is in the midst of a crossover to a new microarchitecture on 65nm process technology in all major product segments, and there could be execution issues associated with these changes, including product defects and errata along with lower than anticipated manufacturing yields. Revenue and the gross margin percentage are affected by the timing of new Intel product introductions and the demand for and market acceptance of Intel's products; actions taken by Intel's competitors, including product offerings, marketing programs and pricing pressures and Intel's response to such actions; Intel's ability to respond quickly to technological developments and to incorporate new features into its products; and the availability of sufficient inventory of Intel products and related components from other suppliers to meet demand. Factors that could cause demand to be different from Intel's expectations include customer acceptance of Intel and competitors' products; changes in customer order patterns, including order cancellations; changes in the level of inventory at customers; and changes in business and economic conditions.

-- The gross margin percentage could vary significantly from expectations based on changes in revenue levels; product mix and pricing; variations in inventory valuation, including variations related to the timing of qualifying products for sale; excess or obsolete inventory; manufacturing yields; changes in unit costs; capacity utilization; impairments of long-lived assets, including manufacturing, assembly/test and intangible assets; and the timing and execution of the manufacturing ramp and associated costs, including start-up costs.

-- Expenses, particularly certain marketing and compensation expenses, vary depending on the level of demand for Intel's products and the level of revenue and profits. Intel is in the midst of a structure and efficiency review which may result in several actions that could have an impact on expense levels.

-- The tax rate expectation is based on current tax law and current expected income and assumes Intel continues to receive tax benefits for export sales. The tax rate may be affected by the closing of acquisitions or divestitures; the jurisdictions in which profits are determined to be earned and taxed; changes in the estimates of credits, benefits and deductions; the resolution of issues arising from tax audits with various tax authorities; and the ability to realize deferred tax assets.

-- Gains or losses from equity securities and interest and other could vary from expectations depending on equity market levels and volatility; gains or losses realized on the sale or exchange of securities; impairment charges related to marketable, non-marketable and other investments; interest rates; cash balances; and changes in fair value of derivative instruments.

-- Dividend declarations and the dividend rate are at the discretion of Intel's board of directors, and plans for future dividends may be revised by the board. Intel's dividend and stock buyback programs could be affected by changes in its capital spending programs, changes in its cash flows and changes in the tax laws, as well as by the level and timing of acquisition and investment activity.

-- Intel's results could be affected by the amount, type, and valuation of share-based awards granted as well as the amount of awards cancelled due to employee turnover and the timing of award exercises by employees.

-- Intel's results could be impacted by unexpected economic, social, political and physical/infrastructure conditions in the countries in which Intel, its customers or its suppliers operate, including military conflict and other security risks, natural disasters, infrastructure disruptions, health concerns and fluctuations in currency exchange rates.

-- Intel's results could be affected by adverse effects associated with product defects and errata (deviations from published specifications), and by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust and other issues, such as the litigation and regulatory matters described in Intel's SEC reports.

A more detailed discussion of these and other factors that could affect results is included in Intel's SEC filings, including the report on Form 10-Q for the quarter ended April 1, 2006.

Status of Business Outlook

During the quarter, Intel's corporate representatives may reiterate the Business Outlook during private meetings with investors, investment analysts, the media and others. From the close of business Sept. 1 until publication of the company's third-quarter 2006 earnings release Oct. 17, Intel will observe a "Quiet Period" during which the Business Outlook disclosed in the company's press releases and filings with the SEC should be considered to be historical, speaking as of prior to the Quiet Period only and not subject to update by the company.

Earnings Webcast

Intel will hold a public webcast at 2:30 p.m. PDT today on its Investor Relations Web site at www.intc.com, with a replay available until Sept. 1.

Intel, the world leader in silicon innovation, develops technologies, products and initiatives to continually advance how people work and live. Additional information about Intel is available at www.intel.com/pressroom.

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* Other names and brands may be claimed as the property of others.

INTEL CORPORATION
CONSOLIDATED SUMMARY INCOME STATEMENT DATA
(In millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
NET REVENUE	$8,009	$9,231	$16,949	$18,665
Cost of sales	3,838	4,028	7,835	7,864
GROSS MARGIN	4,171	5,203	9,114	10,801
Research and development	1,496	1,176	3,058	2,442
Marketing, general and administrative	1,593	1,342	3,237	2,604
Amortization of acquisition-related intangibles and costs	10	36	29	74
OPERATING EXPENSES	3,099	2,554	6,324	5,120
OPERATING INCOME	1,072	2,649	2,790	5,681
Gains (losses) on equity securities, net	37	(22)	39	(18)
Interest and other, net	144	127	298	242
INCOME BEFORE TAXES	1,253	2,754	3,127	5,905
Income taxes	368	716	885	1,689
NET INCOME	$ 885	$2,038	$ 2,242	$ 4,216
BASIC EARNINGS PER SHARE	$ 0.15	$ 0.33	$ 0.38	$ 0.68
DILUTED EARNINGS PER SHARE	$ 0.15	$ 0.33	$ 0.38	$ 0.68
COMMON SHARES OUTSTANDING	5,801	6,144	5,827	6,177
COMMON SHARES ASSUMING DILUTION	5,868	6,215	5,911	6,244

INTEL CORPORATION
CONSOLIDATED SUMMARY BALANCE SHEET DATA
(In millions)

	July 1, 2006	April 1, 2006	Dec. 31, 2005
CURRENT ASSETS			
Cash and short-term investments	$ 6,421	$ 7,854	$11,314
Trading assets	1,222	1,265	1,458
Accounts receivable	3,178	3,912	3,914
Inventories:			
Raw materials	496	416	409
Work in process	2,331	1,944	1,662
Finished goods	1,505	1,207	1,055
	4,332	3,567	3,126
Deferred taxes and other current assets	1,602	1,429	1,382
TOTAL CURRENT ASSETS	16,755	18,027	21,194
Property, plant and equipment, net	18,098	17,618	17,111
Marketable strategic equity securities	604	588	537
Other long-term investments	3,513	3,927	4,135
Goodwill	3,871	3,873	3,873
Other long-term assets	3,247	3,161	1,464
TOTAL ASSETS	$46,088	$47,194	$48,314
CURRENT LIABILITIES			
Short-term debt	$ 287	$ 224	$ 313
Accounts payable and accrued liabilities	6,570	7,096	6,329

Deferred income on shipments to Distributors	567	669	632
Income taxes payable	998	1,854	1,960
TOTAL CURRENT LIABILITIES	8,422	9,843	9,234
Long-term debt	2,054	2,040	2,106
Deferred tax liabilities	470	607	703
Other long-term liabilities	346	346	89
Stockholders' equity	34,796	34,358	36,182
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$46,088	$47,194	$48,314

INTEL CORPORATION
SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION
(In millions)

	Q2 2006	Q1 2006	Q2 2005
GEOGRAPHIC REVENUE:			
Asia-Pacific	$ 4,015	$ 4,293	$ 4,679
	50%	48%	51%
Americas	$ 1,713	$ 1,905	$ 1,863
	22%	21%	20%
Europe	$ 1,375	$ 1,701	$ 1,809
	17%	19%	20%
Japan	$ 906	$ 1,041	$ 880
	11%	12%	9%
CASH INVESTMENTS:			
Cash and short-term investments	$ 6,421	$ 7,854	$ 12,600
Trading assets - fixed income (1)	828	887	1,883
Total cash investments	$ 7,249	$ 8,741	$ 14,483
STRATEGIC EQUITY INVESTMENTS			
Marketable strategic equity securities	$ 604	$ 588	$ 362
Other strategic investments	1,887	1,834	518
Total strategic equity investments	$ 2,491	$ 2,422	$ 880
TRADING ASSETS:			
Trading assets - equity securities offsetting deferred compensation (2)	$ 394	$ 378	$ 341
Total trading assets - sum of 1+2	$ 1,222	$ 1,265	$ 2,224
SELECTED CASH FLOW INFORMATION:			
Depreciation	$ 1,156	$ 1,139	$ 1,051
Share-based compensation	$ 332	$ 374	-
Amortization of intangibles and other acquisition-related costs	$ 59	$ 75	$ 66
Capital spending	($1,738)	($1,758)	($1,389)
Stock repurchase program	($1,000)	($2,943)	($2,500)
Proceeds from sales of shares to employees, tax benefit & other	$ 163	$ 437	$ 387
Dividends paid	($582)	($585)	($493)
Net cash used for acquisitions	-	-	($81)
EARNINGS PER SHARE INFORMATION:			
Average common shares outstanding	5,801	5,854	6,144
Dilutive effect of employee equity incentive plans	17	49	71
Dilutive effect of convertible debt	50	51	N/A
Common shares assuming dilution	5,868	5,954	6,215
STOCK BUYBACK:			
Shares repurchased	54.3	138.5	98.9
Cumulative shares repurchased	2,797.7	2,743.4	2,393.3
Remaining dollars authorized for buyback (in billions)	$ 17.9	$ 18.9	N/A
OTHER INFORMATION:			
Employees (in thousands)	102.5	103.3	91.0

INTEL CORPORATION
SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION
(In millions)

OPERATING SEGMENT INFORMATION:	Three Months Ended Q2 2006	Q2 2005	Six Months Ended Q2 2006	Q2 2005
Digital Enterprise Group				
Microprocessor revenue	3,338	4,603	7,230	9,547
Chipset, motherboard and other revenue	1,283	1,398	2,538	2,815
Net revenue	4,621	6,001	9,768	12,362
Operating income	931	2,016	2,311	4,405
Mobility Group				
Microprocessor revenue	1,958	2,056	4,305	3,973
Chipset and other revenue	731	566	1,363	1,083
Net revenue	2,689	2,622	5,668	5,056
Operating income	946	1,220	2,101	2,351
Flash Memory Group				
Net revenue	536	527	1,080	1,105
Operating loss	(149)	(80)	(253)	(112)
All Other				
Net revenue	163	81	433	142
Operating loss	(656)	(507)	(1,369)	(963)
Total				
Net revenue	8,009	9,231	16,949	18,665
Operating income	1,072	2,649	2,790	5,681

The company's operating segments include the Digital Enterprise Group, the Mobility Group, the Flash Memory Group, the Digital Home Group, the Digital Health Group and the Channel Platforms Group. The prior period amounts have been adjusted retrospectively to reflect certain reorganizations.

The Digital Enterprise Group operating segment's products include microprocessors and related chipsets and motherboards designed for the desktop (including consumer desktop) and enterprise computing market segments, communications infrastructure components such as network processors and embedded microprocessors, wired connectivity devices, and products for network and server storage. The Mobility Group operating segment's products include microprocessors and related chipsets designed for the notebook computing market segment, wireless connectivity products, and application and cellular baseband processors used in cellular handsets and handheld computing devices. In the second quarter of 2006, the company entered into an agreement to sell the business line that includes application and cellular baseband processors used in cellular handsets and handheld computing devices. The Flash Memory Group operating segment's products include NOR flash memory products designed for cellular phones and embedded form factors as well as NAND flash memory products designed primarily for digital audio players.

Results for the Digital Home Group, Digital Health Group and Channel Platforms Group operating segments are included within the "all other" category. Revenue for the "all other" category primarily consists of microprocessors and related chipsets sold by the Digital Home Group. The "all other" category includes certain corporate-level operating expenses, including a portion of profit-dependent bonus and other expenses not allocated to the operating segments. "All other" also includes the results of operations of seed businesses that support the company's initiatives. Additionally, "all other" includes acquisition-related costs, including amortization and any impairments of acquisition-related intangibles and goodwill, and charges for purchased in-process research and development. Beginning in the first quarter of 2006, "all other" includes share-based compensation resulting from the adoption of SFAS No. 123R.

In addition to disclosing financial results calculated in accordance with U.S. generally accepted accounting principles (GAAP), the company's earnings release contains non-GAAP financial measures that exclude the effects of share-based compensation and the requirements of SFAS No. 123R, "Share-based Payment" ("123R"). The non-GAAP financial measures used by management and disclosed by the company exclude the income statement effects of all forms of share-based compensation and the effects of 123R upon the number of diluted shares used in calculating non-GAAP earnings per share. The non-GAAP financial measures disclosed by the company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations to those financial statements should be carefully evaluated. The non-GAAP financial measures used by the company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Set forth below are reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

For additional information regarding these non-GAAP financial measures, see the Form 8-K dated July 19, 2006 that Intel has filed with the Securities and Exchange Commission.

INTEL CORPORATION
SUPPLEMENTAL RECONCILIATIONS OF GAAP TO NON-GAAP RESULTS
(In millions, except per-share amounts and percentages)

	Three Months Ended		
	July 1, 2006	April 1, 2006	July 2, 2005
GAAP SPENDING	$3,089	$3,206	$2,518
Adjustment for share-based compensation	(266)	(288)	-
SPENDING EXCLUDING SHARE-BASED COMPENSATION(3)	$2,823	$2,918	$2,518
GAAP OPERATING INCOME	$1,072	$1,718	$2,649
Adjustment for share-based compensation within:			
Cost of sales	66	86	-
Research and development	126	135	-
Marketing, general and administrative	140	153	-
OPERATING INCOME EXCLUDING SHARE-BASED COMPENSATION(3)	$1,404	$2,092	$2,649
GAAP NET INCOME	$ 885	$1,357	$2,038
Adjustment for share-based compensation within:			
Cost of sales	66	86	-
Research and development	126	135	-
Marketing, general and administrative	140	153	-
Income taxes	(93)	(110)	-
NET INCOME EXCLUDING SHARE-BASED COMPENSATION(3)	$1,124	$1,621	$2,038
GAAP DILUTED EARNINGS PER SHARE	$ 0.15	$ 0.23	$ 0.33
Adjustment for share-based compensation	0.04	0.04	-
DILUTED EARNINGS PER SHARE EXCLUDING SHARE-BASED COMPENSATION(3)	$ 0.19	$ 0.27	$ 0.33
GAAP COMMON SHARES ASSUMING DILUTION	5,868	5,954	6,215
Adjustment for share-based compensation	8	(17)	-
COMMON SHARES ASSUMING DILUTION EXCLUDING SHARE-BASED COMPENSATION(3)	5,876	5,937	6,215
GAAP GROSS MARGIN PERCENTAGE	52.1%	55.3%	56.4%
Adjustment for share-based compensation	0.8%	1.0%	-
GROSS MARGIN PERCENTAGE EXCLUDING SHARE-BASED COMPENSATION(3)	52.9%	56.3%	56.4%

(3) See Item 2.02 in this 8-K filing for further discussion on this non-GAAP measure.