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

FORM 10-K

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee Required)
For the fiscal year ended December 30, 1995, OR

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

Commission File Number 0-6217

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

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

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

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

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

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

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

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

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

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

Aggregate market value of voting stock held
by non-affiliates of the registrant as of February 24, 1996

$46.67 billion

821.2 million shares of Common Stock outstanding as of February 24, 1996

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of Annual Report to Stockholders for fiscal year ended December 30, 1995 - Part II, and Part IV.
(2) Portions of Proxy Statement dated April 4, 1996 - Part III.

PART I

ITEM 1. BUSINESS

INDUSTRY

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

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

PRODUCTS

The Company's major products include microprocessors and related board-level products, chipsets, embedded processors and microcontrollers, flash memory chips, network and communications products and conferencing products.

Microprocessors and Related Board-Level Products.
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A microprocessor is the central processing unit of a computer system. It processes system data and controls other devices in the system, acting as the brains of a computer. Intel's flagship microprocessors include the Pentium(R) Pro and the Pentium(R) microprocessor families.

Intel-designed board-level products are used as basic building blocks for consumer, technical and commercial computing applications. Many original equipment manufacturers (OEMs) use Intel's board-level products to build their own PCs, microcomputers, real-time control systems and other products. OEM customers buy at this level of integration to accelerate their time-to-market and to direct their investments to other areas of their product lines. The Company provides board-level products to give OEM customers flexibility by enabling them to choose whether to buy at the component or board-level.

Intel's developments in the area of semiconductor design and manufacturing have made it possible to decrease the feature size of circuits etched into silicon. This permits a greater number of transistors to be used on each microprocessor, and a greater number of microprocessors to be placed on each silicon wafer. The result is microprocessors that are smaller, faster, consume less power and cost less to manufacture. In 1995, the Company ramped its first production on its most advanced 0.35 micron process technology. Intel plans to add additional 0.35 micron capacity in 1996, enabling very high-volume production of its newest, fastest Pentium Pro and Pentium microprocessors.

During 1995, the rapid transition of the PC market to the Pentium microprocessor continued. Quarterly unit shipments of the Pentium microprocessor family surpassed the Intel486(TM) microprocessor family in the third quarter of 1995. The Pentium microprocessors now power entry-level to high-end computers. Intel significantly enhanced the performance of the Pentium microprocessor family in 1995, introducing new versions operating at 120 and 133 MHz, and in January of 1996, 150 and 166 MHz. Intel plans to introduce to the market higher performance versions of the Pentium microprocessor, including versions with enhancements to improve performance of multimedia and communications applications. Intel also introduced, in 1995, new 90- and 120-MHz versions, and in early 1996, a 133-MHz version of the Pentium microprocessor for mobile computers that have lower power consumption and a smaller package than the desktop/server version.

In late 1995, Intel introduced its sixth-generation processor, the Pentium Pro microprocessor at speeds of 150, 166, 180 and 200MHz. The Pentium Pro microprocessor is fully compatible with prior generations and delivers performance comparable to that of high-end workstations. The Pentium Pro microprocessor uses Intel's Dynamic Execution architecture to increase the amount of work that can be done in parallel. In 1996, Pentium Pro microprocessors are expected to be used for enterprise server applications and business desktops utilizing full 32-bit software environments such as Windows NT*. The Pentium Pro microprocessor also offers enhanced multiprocessing and manageability features for high-performance desktops and servers. The Pentium Pro microprocessor uses a high-speed bus between the CPU and second-level cache memory to provide optimum performance.

Sales of the Pentium microprocessor family comprised a majority of the Company's revenues and a substantial majority of its gross margin in 1995. A significant and growing portion of the Company's revenues and gross margins were derived from sales of the Pentium microprocessor family in 1994. During 1995, the Intel486 microprocessor family represented a significant but rapidly declining portion of the Company's revenues and gross margins. The Intel486 microprocessor family comprised a majority of the Company's revenues and a substantial majority of its gross margin during 1994 and 1993. The Intel486 microprocessor products are now offered primarily for embedded applications.

During 1995, Overdrive(R) processors, a family of upgrade microprocessors, expanded to include products based on the Pentium microprocessor that will allow users to upgrade their Intel486 microprocessor systems. In early 1996, Intel announced Overdrive processors that upgrade systems to equivalents of 120-, 125- and 133-MHz versions of the Pentium microprocessor.

CHIPSETS. The Company's core-logic chipsets support incremental performance, ease-of-use and new capabilities for systems based on Intel's Pentium and Pentium Pro microprocessors. Based on these incremental capabilities, and the growth of the Pentium microprocessor-based systems, Intel has become a significant supplier of core-logic chipsets. The Intel 430FX chipset introduced in early 1995, won numerous awards and has become one of the most popular chipsets in the industry. Intel plans to introduce several new members of this product family in 1996.

Based on the Peripheral Components Interconnect (PCI) bus, the Intel 430 PCIset family for the Pentium microprocessors and the Intel 440 PCIset family for the Pentium Pro microprocessors support and extend the graphic, video and other capabilities of many Intel processor-based systems.

EMBEDDED PROCESSORS AND MICROCONTROLLERS.

Intel provides embedded products such as microprocessors, microcontrollers and memory components to application segments that are focused on enhancing the PC and voice and data communication. Embedded products are used in many peripheral devices, including keyboards, printers, networks, copiers and fax machines, which enhance the PC's capabilities and make it easier to use. In addition, embedded products are improving the functionality of wireless communication devices such as cellular phones and pagers, and enabling the development of new peripherals such as digital cameras and personal digital assistants. Intel's embedded products provide advanced technology to other market segments as well, including commercial and military avionics, medical instrumentation, automotive and factory automation control products.

Intel's embedded products line consists of 32-bit processors, including the i960(R) processor family and the embedded Intel386(TM) and Intel486 processor families; the 80C186 16-bit processor family; MCS(R) 96 16-bit microcontrollers, and 8-bit microcontrollers, such as the MCS 51 and MCS 251 microcontroller families.

The Company introduced several embedded control products in 1995, including the 80960RP processor, used in server motherboards and adapter cards connected to servers; the 83C196EA and 87C196CB 16-bit microcontrollers for automotive and industrial applications, and the 8xC51RA/RB/RC 8-bit microcontrollers. During 1995, Intel also started shipping in volume its new MCS 251 microcontroller, the 8xC251SB. Intel has begun to implement the Universal Serial Bus (USB) specification in microcontroller products.

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

FLASH MEMORY PRODUCTS. Memory components are used to store user data and computer program code. Flash memory retains information when the power is off. Intel is a leader in flash applications, such as PC BIOS, cellular phones and networking. The Company was a key player in defining and promoting the Miniature Card specification for low-cost, very small form-factor flash cards to be used in a variety of consumer electronics applications. In 1995, Intel expanded its SmartVoltage memory product line with additional densities and a low-voltage device targeted for the mobile market.

NETWORK AND COMMUNICATIONS PRODUCTS. These hardware and software products are sold to corporate network administrators and PC users through distributor and reseller channels. The product line improves the performance, capabilities and manageability of PC desktop and server systems in corporate networks.

Intel's networking products are designed to provide high-bandwidth communications to PC desktop and server systems, and to make it easier for LAN administrators to install and manage their systems. The architecture that delivers this management capability is called Smart Network Services.

Intel's networking products consist of LAN products, such as the EtherExpress(TM) family of adapters and Express Stackable Hubs, and network management products, including the LANDesk(R) Management Group of products.

Supporting the Smart Network Services strategy are new or upgraded LAN products: EtherExpress PRO adapters that use flash memory for one-step installation and configuration; EtherExpress PRO/100, a fast Ethernet adapter that can operate at 10 or 100 megabytes per second; Express Stackable Hubs; StorageExpress(TM) backup servers; NetportExpress(TM) print servers; LANDesk Management Suite software, which combines management of desktop systems and servers on LANs; LANDesk Workgroup Manager; LANDesk Server Manager Pro; and LANDesk Virus Protect.

CONFERENCING PRODUCTS. In 1994, Intel introduced its ProShare conferencing products. This product line includes Intel's ProShare(TM) Conferencing Video System 200, a PC-based video-conferencing system that offers full application and document sharing and is certified in over 25 countries. It gives users powerful information-sharing capabilities and an innovative way to convey ideas. ProShare conferencing products deliver instant communications.

The ProShare Conferencing Video System 200 supports video and data conferences over ISDN or corporate LAN/WAN networks. The product supports industry standards, such as the H.320 international telecommunications standard, to conduct video conferences with other H.320-compliant products, including room conferencing systems.

In 1995, the ProShare Conferencing Video System 200 became one of the industry's leading desktop conferencing products. This system won many industry awards, including "Editors' Choice" from PC Magazine UK, CADENCE magazine and PC Laptop Computers magazine. -------------- -------
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Also in 1995, Intel introduced the ProShare TeamStation, a group video conferencing system for meeting rooms, with all the features of the ProShare Conferencing Video System 200.

MANUFACTURING

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

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

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

To augment capacity, Intel uses subcontractors to perform assembly of certain products and wafer fabrication for certain VLSI components, primarily flash memory and chipsets, and for production capacity of board-level products. A significant portion of Intel's production of board-level products is conducted through the use of subcontractors in Penang, Malaysia. The Company cannot give assurances that it will be able to fully satisfy demand for certain of these products.

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

EMPLOYEES

At December 30, 1995, the Company employed approximately 41,600 people worldwide.

SALES

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

The Company also uses distributors (industrial and retail) and representatives to distribute its products both in the United States and overseas. Typically, distributors handle a wide variety of products, including those competitive with Intel products, and fill orders for many customers. Most of Intel's sales to distributors are made under agreements allowing for price protection and/or the right of return on unsold merchandise. Sales representatives generally do not offer directly competitive products, but may carry complementary items manufactured by others. Representatives do not maintain a product inventory; instead, their customers place large-quantity orders directly with Intel and are referred to distributors for smaller orders. Intel sold products to over one thousand customers worldwide in 1995, none of which represented more than 10% of total revenues.

BACKLOG

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

COMPETITION

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

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

A number of competitors have developed products that are software compatible with some of the Company's key products. Many of Intel's competitors are licensed to use Intel patents. Furthermore, based on the current case law, Intel's competitors can design microprocessors that are compatible with Intel microprocessors and avoid Intel patent rights through the use of foundry services that have licenses with Intel. Competitors' products may add features and increase performance. The Company also faces significant competition from companies that offer rival microprocessor architectures. The Company cannot predict whether such rival architectures will gain market acceptance or provide increased competition to the Company's products. Future distortion of price maturity curves could occur as software compatible products enter the market in significant volume or alternative architectures gain market acceptance.

It continues to be Intel's strategy to introduce ever-higher performance microprocessors and work with the software industry to develop compelling applications that can take advantage of this higher performance, thus driving demand toward the Company's newer products. Intel also is committed to the protection of its intellectual property rights against illegal use. There can be no assurance, however, that competitors will not introduce new products (either software compatible or of rival architectural designs) or reduce prices on existing products. Such developments could have an adverse effect on Intel's revenues and margins.

RESEARCH AND DEVELOPMENT

The Company's competitive position has developed to a large extent because of its emphasis on research and development. This emphasis has enabled Intel to deliver products before they have become available from competitors, and thus has permitted Intel's customers to commit to the use of these new products in the development of their own products. Intel's research and development activities are directed toward developing new products, hardware technologies and processes, and improving existing products and lowering their cost. Intel is jointly developing semiconductor processes, software optimization and microprocessor architecture. New 64-bit processors based on the jointly developed architecture are expected to be initially targeted at server, workstation and enterprise computing products, probably in the late 1990s. The Company also develops "enabling" software technologies, such as open software specifications and software tools, to enhance the functionality and acceptance of the personal computer platform. Intel's expenditures for research and development were $1,296 million, $1,111 million and $970 million in fiscal years 1995, 1994 and 1993, respectively. As of December 30, 1995, Intel had approximately 7,700 employees engaged in research and development. The results of Intel's research and development activities depend upon competitive circumstances and Intel's ability to transfer new products to production in a timely and cost-effective manner.

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

INTELLECTUAL PROPERTY AND LICENSING

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

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

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

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

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

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

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

EXECUTIVE OFFICERS

The following sets forth certain information with regard to executive officers of Intel (ages are as of December 30, 1995):

Craig R. Barrett (age 56) has been Chief Operating Officer since 1993; a director of Intel since 1992; and Executive Vice President since 1990.

Andrew S. Grove (age 59) has been a director of Intel since 1974; President since 1979; and Chief Executive Officer since 1987.

Gordon E. Moore (age 67) has been a director of Intel since 1968 and Chairman of the Board since 1979.

Leslie L. Vadasz (age 59) has been a director of Intel since 1988; and Senior Vice President, Director of Corporate Business Development since 1991.

Frank C. Gill (age 52) has been Senior Vice President and General Manager, Internet and Communications Group since 1996. Prior to that, Mr. Gill was Senior Vice President and General Manager, Intel Products Group from 1991 to

1996; and Senior Vice President and President of the Systems Group from 1990 to 1991.

David L. House (age 52) has been Senior Vice President and General Manager, Enterprise Server Group since 1995. Prior to that, Mr. House was Senior Vice President and Director, Corporate Strategy from 1993 to 1995; Senior Vice President and General Manager, Architecture Marketing and Applications Group from 1992 to 1993; and Senior Vice President and President of Microcomputer Components Group from 1990 to 1991.

Paul S. Otellini (age 45) has been Senior Vice President, Director, Sales since 1994. Prior to that, Mr. Otellini was Senior Vice President and General Manager, Microprocessor Products Group, from 1992 to 1994; Vice President and General Manager, Microprocessor Products Group from 1991 to 1992; and Vice President, Microcomputer Components Group, General Manager, Micro Products Group from 1990 to 1991.

Gerhard H. Parker (age 52) has been Senior Vice President and General Manager, Technology & Manufacturing Group, since 1992. Prior to that, Dr. Parker was Vice President and General Manager, Technology & Manufacturing Group from 1990 to 1992.

Robert W. Reed (age 49) has been Senior Vice President and General Manager, Semiconductor Products Group, since 1991. Prior to that, Mr. Reed was Senior Vice President and Chief Financial Officer from 1990 to 1991.

Ronald J. Whittier (age 59) has been Senior Vice President and General Manager, Content Group since 1995. Prior to that, Mr. Whittier was Senior Vice President and General Manager, Intel Architecture Laboratories from 1993 to 1995; Vice President and General Manager, Software Technology Group from 1991 to 1992; and Vice President and Director of Marketing from 1990 to 1991.

Albert Y.C. Yu (age 54) has been Senior Vice President and General Manager, Microprocessor Products Group since 1993. Prior to that, Dr. Yu was Vice President and General Manager, Microprocessor Products Group from 1991 to 1993; and Vice President and General Manager, Micro Products Group from 1990 to 1991.

EXECUTIVE OFFICERS, CONTINUED

Michael A. Aymar (age 48) has been Vice President and General Manager, Desktop Products Group since 1995. Prior to that, Mr. Aymar was Vice President and General Manager, Intel486(TM) Microprocessor Division from 1994 to 1995; Vice President and General Manager, Mobile Computing Group from 1991 to 1994; and Vice President and General Manager, Santa Clara Microcomputer Division from 1989 to 1991.

Andy D. Bryant (age 45) has been Vice President and Chief Financial Officer since 1994. Prior to that, Mr. Bryant was Vice President, Intel Products Group from 1990 to 1994.

F. Thomas Dunlap, Jr. (age 44) has been Vice President, General Counsel and Secretary since 1987.

G. Carl Everett, Jr. (age 45) has been Senior Vice President and General Manager, Desktop Products Group since 1995. Prior to that, Mr. Everett was Senior Vice President and General Manager, Microprocessor Products Group from 1994 to 1995; and Vice President and Director, Worldwide Sales Group from 1990 to 1994.

Stephen P. Nachtsheim (age 50) has been Vice President and General Manager, Mobile/Handheld Products Group since 1995. Prior to that, Mr. Nachtsheim was Vice President and General Manager, Mobile and Home Products Group from 1994 to 1995; and General Manager of European Intel Products Group from 1990 to 1994.

ITEM 2. PROPERTIES

At December 30, 1995, Intel owned the major facilities described below:
<TABLE>

No. of Bldgs.	Location	Total Sq. Ft.	Use
<S>	<C>	<C>	<C>
56	United States (A)	9,744,000	Executive and administrative offices, wafer fabrication, components testing and assembly, research and

			development, computer and service functions, system assembly and warehousing.
6	Ireland	959,000	Wafer fabrication, system and board assembly, and administrative offices.
6	Malaysia (B)	531,000	Components assembly and testing and administrative offices.
4	Israel	379,000	Wafer fabrication, design center, sales office and related support functions.
4	Puerto Rico	292,000	Systems manufacturing, board assembly, warehousing and administration.
3	England	184,000	European sales, marketing, warehousing and related support functions.
3	Japan	167,000	Sales, warehousing and related support functions.
1	Philippines (C)	431,000	Components assembly and testing and administrative offices.
1	Germany	86,000	European marketing, German sales and administrative offices.

</TABLE>

At December 30, 1995, Intel also leased 24 major facilities in the U.S. totaling approximately 893,000 square feet and 11 facilities in other countries totaling approximately 250,000 square feet. These leases expire at varying dates through 2005, including renewals at the option of Intel.

Intel believes that its existing facilities are suitable and adequate for its present purposes, and the productive capacity in such facilities is in general being utilized. Intel has other facilities available that it can equip to meet anticipated future demand. These include 4.7 million square feet of building space under various stages of construction in the United States and abroad for manufacturing and administrative purposes.

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(A) Includes an idle, 131,000-square-foot facility formerly utilized for wafer fabrication and administration, which was sold in March 1996.
(B) The lease on a portion of the land used for these facilities expires in 2032.
(C) Leases on land expire in 1998.

ITEM 3. LEGAL PROCEEDINGS

A. LITIGATION

Consumer Class Action Suits
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Machtinger vs. Intel, Cook Co. Circuit Court, IL (94-C-7300)
Anthony Uzzo & Co. vs. Intel, Santa Clara Co. Superior Court (CV745729)
Liberty Bell Equip. vs. Intel, Santa Clara Co. Superior Court (CV745803)
Sloane vs. Intel, Santa Clara Co. Superior Court (CV745876)
Klein vs. Intel, Santa Clara Co. Superior Court (CV745895)
Scalzo vs. Intel, Santa Clara Co. Superior Court (CV745924)
Rep. Electronic Products vs. Intel and Dell,
Wayne Co. Circuit Court, MI (94-435132CK)
Fingold vs. Intel, Santa Clara Co. Superior Court (CV746031)
Lees et al vs. Intel, Camden Co. Superior Court, NJ (L 11508 94)
Kurtz, Orman vs. Intel, Santa Clara Co. Superior Court (CV746116)
Data Technology Services vs. Intel, U.S.D.C., Dist. of CO (94-N-2886)
Carney vs. Intel, Santa Clara Co. Superior Court (CV746128)
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During the period from November 29, 1994 through December 19, 1994, numerous civil consumer lawsuits were filed in state courts in various states against the Company. Although the complaints differed, these actions generally alleged that Intel breached express and implied warranties, engaged in deceptive advertising and otherwise committed consumer fraud by shipping

Pentium processors which contained a divide problem in the floating point unit, and by failing to disclose it. The suits sought compensatory and punitive damages of unspecified amounts. A Stipulation of Settlement covering all actions was filed in the Santa Clara Superior Court on March 22, 1995 and became final on June 22, 1995.

Weisberg vs. C. Barrett, W.H. Chen, A. Grove, D.J. Guzy, G. Moore, M. Palevsky, A. Rock, J. Shaw, L. Vadasz, D. Yoffie, C. Young and Intel Southern District, NY (C95-0674)
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On January 31, 1995, the plaintiff brought this suit in Federal Court in New York (Southern District) as both a derivative and stockholder action to invalidate the Company's Executive Officer Bonus Plan, alleging that the Plan is so vague and misleading as to be ambiguous. Plaintiff sought (i) cancellation of the stockholders' approval of the Plan, (ii) unspecified damages to Intel by the Board of Directors, and (iii) to enjoin implementation of the Plan and the payment of any bonuses under the Plan. A hearing was held on January 12, 1996 to consider and approve a stipulated settlement and dismissal of the action. The Court approved the settlement, and an order of dismissal was signed and became effective on January 22, 1996.

Thorn EMI North America, Inc. vs. Intel and Advanced Micro Devices, Inc., DEL (C95-199)
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On March 29, 1995, Thorn EMI North America Inc. brought suit in Federal Court in Delaware against Intel and Advanced Micro Devices, Inc. (AMD) alleging infringement of a U.S. patent relating to processes for manufacturing semiconductors, certain of which processes are utilized in the manufacture of the Company's Pentium(R) and Pentium(R) Pro microprocessors. The plaintiff is seeking injunctive relief and unspecified damages. On September 8, 1995, Intel was granted a motion to sever its case from the AMD case. Trial of the plaintiff's claims against Intel is presently set for June 1996. The Company believes this lawsuit to be without merit and will defend the case vigorously. Although the ultimate outcome of this lawsuit cannot be determined at this time, management, including internal counsel, does not believe that the ultimate outcome will have a material adverse effect on Intel's financial position or overall trends in results of operations.

B. ENVIRONMENTAL PROCEEDINGS

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

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

None.

PART II

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

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

(b) As of February 24, 1996, there were 85,273 holders of record of the

Registrant's Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

Reference is made to the information regarding selected financial data for the fiscal years 1991 through 1995, under the heading "Financial Summary" on page 27 of the Registrant's Annual Report to Stockholders, which information is hereby incorporated by reference.

In addition, the ratios of earnings to fixed charges for each of the five years in the period ended December 30, 1995 are as follows:

Fiscal Year				
1991	1992	1993	1994	1995
12.4x	20.7x	54.4x	39.5x	67.6x

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

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

Reference is made to the information appearing under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 28 through 30 of the Registrant's 1995 Annual Report to Stockholders, which information is hereby incorporated by reference.

Subsequent to December 30, 1995, Intel repurchased 4.1 million shares of Common Stock under the Company's authorized stock repurchase program at a cost of $234 million, including 1.8 million shares at a cost of $108 million upon the exercise of put warrants. The Company also sold 3 million put warrants, receiving proceeds of $18 million, while 1.5 million previously outstanding put warrants expired unexercised. As of March 25, 1996, the Company had the potential obligation to repurchase 11.7 million shares of Common Stock at an aggregate price of $734 million under outstanding put warrants. The 11.7 million put warrants outstanding at March 25, 1996 expire on various dates between May 1996 and February 1997 and have exercise prices ranging from $56 to $68 per share, with an average exercise price of $62. After reserving shares to cover these outstanding put warrants, 26.1 million shares remained available under the stock repurchase program authorization.

During the third quarter of 1995, a portion of the receivable balance from one of the Company's five largest customers was converted into a loan. The total amount receivable from this customer at December 30, 1995 was approximately $400 million. The total amount receivable from this customer at March 25, 1996 was approximately $356 million. This customer has informed the Company that it anticipates obtaining additional outside financing. No assurances can be given that this additional financing will be obtained.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements of Intel Corporation at December 30, 1995 and December 31, 1994 and for each of the three years in the period ended December 30, 1995 and the Report of Independent Auditors thereon and Intel Corporation's unaudited quarterly financial data for the two-year period ended December 30, 1995 are incorporated by reference from the Registrant's 1995 Annual Report to Stockholders, on pages 14 through 31.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Reference is made to the information regarding Directors and Executive Officers appearing under the heading "Election of Directors" on pages 2 through 4 of the Registrant's Proxy Statement dated April 4, 1996, which information is hereby incorporated by reference, and to the information under the heading "Executive Officers" in Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information appearing under the headings "Directors' Compensation," "Compensation Committee Interlocks and Insider Participation," and "Executive Compensation," on pages 5 and 6, 10 and 12, respectively, of the Registrant's Proxy Statement dated April 4, 1996, which information is hereby incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Reference is made to information appearing in the Registrant's Proxy Statement dated April 4, 1996, under the heading "Security Ownership of Certain Beneficial Owners and Management," on pages 15 and 16, which information is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

PART IV

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

(a) 1. Financial Statements

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

2. Financial Statement Schedule

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

3. Exhibits

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

(b) Reports on Form 8-K

None.

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

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

December 31, 1994 and December 25, 1993:
II- Valuation and Qualifying Accounts 18
</TABLE>

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

The consolidated financial statements listed in the above index, which are included in the Company's Annual Report to Stockholders, are hereby incorporated by reference. With the exception of the pages listed in the above index and the portions of such report referred to in Items 5, 6, 7 and 8 of this Form 10-K, the 1995 Annual Report to Stockholders is not to be deemed filed as part of this report.

Page references to the 1995 Annual Report to Stockholders relate to the bound, printed version of the report.

INTEL CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

December 25, 1993, December 31, 1994 and December 30,1995
(In Millions)

<TABLE>

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions (A)	Balance at End of Year
1993				
Allowance for Doubtful Receivables	$26	$ 4	$ 8	$22
1994				
Allowance for Doubtful Receivables	$22	$10	$--	$32
1995				
Allowance for Doubtful Receivables	$32	$28	$ 3	$57

(A) Uncollectible accounts written off, net of recoveries.
</TABLE>

INDEX TO EXHIBITS
(Item 14(a))

Description

3.1 Intel Corporation Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Registrant's Form 10-Q for the quarter ended June 26, 1993 as filed on August 10, 1993).

3.2 Intel Corporation Bylaws as amended, (incorporated by reference to Exhibit 3.2 of Registrant's Registration Statement on Form 10-Q for the quarter ended September 25, 1993 as filed on November 9, 1993).

4.1 Agreement to Provide Instruments Defining the Rights of Security Holders (incorporated by reference to Exhibit 4.1 of Registrant's Form 10-K as filed on March 28, 1986).

4.2 Warrant Agreement dated as of March 1, 1993, as amended between the Registrant and Harris Trust and Savings Bank (as successor Warrant Agent) related to the issuance of 1998 Step-Up Warrants to purchase Common Stock of Intel Corporation (incorporated by reference to Exhibit 4.6 of Registrant's Form 10-K as filed on March 25, 1993), together with the First Amendment to Warrant Agreement dated as of October 18, 1993 and the Second Amendment to Warrant Agreement dated as of January 17, 1994 (incorporated by reference to Exhibit 4.4 of the Registrant's Form 10-K as filed on March 25, 1994) and the Third Amendment to Warrant Agreement dated as of May 1, 1995.

10.1 Intel Corporation 1984 Stock Option Plan, as amended and restated, effective May 4, 1994 (incorporated by reference to Exhibit 10.2 of Registrant's Form 10-Q for the quarter ended April 2, 1994 as filed on May 16, 1994), together with the First Amendment to Intel Corporation 1984 Stock Option Plan, dated July 1995 (incorporated by reference to

Exhibit 10.1 of Registrant's Form 10-Q for the quarter ended July 1, 1995 as filed on August 10, 1995).

10.2 Intel Corporation 1988 Executive Long-Term Stock Option Plan as amended and restated (incorporated by reference to Exhibit 10.6 of Registrant's Form 10-Q for the quarter ended April 2, 1994 as filed on May 16, 1994).

10.3 Intel Corporation Executive Officer Bonus Plan as amended and restated effective January 1, 1995 (incorporated by reference to Exhibit 10.7 of Registrant's Form 10-Q for the quarter ended April 5, 1995 as filed on May 15, 1995).

10.4 Intel Corporation Sheltered Employee Retirement Plan Plus, as amended and restated effective November 1, 1995 (incorporated by reference to Exhibit 4.1 of Registrant's Registration Statement on Form S-8 as filed October 18, 1995).

11. Computation of Per Share Earnings.

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

13. Portions of the Annual Report to Stockholders for fiscal year ended December 30, 1995 expressly incorporated by reference herein.

21. Intel Subsidiaries.

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

27. Financial Data Schedule.

SIGNATURES

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

INTEL CORPORATION
- -----------------
Registrant

INTEL CORPORATION
Registrant

By /s/ F. Thomas Dunlap, Jr.
- ----------------------------
F. Thomas Dunlap, Jr.
Vice President and Secretary
March 27, 1996

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

/s/ Craig R. Barrett
- --------------------
Craig R. Barrett
Director
March 27, 1996

/s/ Andy D. Bryant
- ------------------
Andy D. Bryant
Vice President, Principal Accounting and Chief Financial Officer
March 27, 1996

/s/ Winston H. Chen
- -------------------
Winston H. Chen
Director
March 27, 1996

/s/ Andrew S. Grove
- -------------------
Andrew S. Grove
Principal Executive Officer
President and Director

Max Palevsky
Director
March 27, 1996

/s/ Arthur Rock

Arthur Rock
Director
March 27, 1996

/s/ Jane E. Shaw

Jane E. Shaw
Director
March 27, 1996

/s/ Leslie L. Vadasz

Leslie L. Vadasz
Director
March 27, 1996

March 27, 1996

/s/ D. James Guzy
- -----------------
D. James Guzy
Director
March 27, 1996

/s/ Gordon E. Moore
- -------------------
Gordon E. Moore
Chairman of the Board
March 27, 1996

/s/ David B. Yoffie

David B. Yoffie
Director
March 27, 1996

/s/ Charles E. Young

Charles E. Young
Director
March 27, 1996

??

EXHIBIT 11.1

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

<TABLE>

	Year Ended		
	Dec. 25, 1993	Dec. 31, 1994	Dec. 30, 1995
<S>	<C>	<C>	<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	836	830	825
Add-shares issuable from assumed exercise of options and warrants	46	44	59
Weighted average number of shares outstanding as adjusted	882	874	884
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	836	830	825
Add-shares issuable from assumed exercise of options and warrants	46	44	65
Weighted average number of shares outstanding as adjusted	882	874	890
NET INCOME	$2,295	$2,288	$3,566
PRIMARY EARNINGS PER SHARE	$ 2.60	$ 2.62	$ 4.03
FULLY DILUTED EARNINGS PER SHARE(1)	$ 2.60	$ 2.62	$ 4.01

</TABLE>

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

EXHIBIT 12.1

INTEL CORPORATION

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

(In millions, except ratios)

<TABLE>

<S>	<C> Years Ended Dec. 28, 1991	<C> Dec. 26, 1992	<C> Dec. 25, 1993	<C> Dec. 31, 1994	<C> Dec. 30, 1995
Income before taxes	$1,195	$1,569	$3,530	$3,603	$5,638
Add - Fixed charges net of capitalized interest	98	68	58	66	38
Income before taxes and fixed charges (net of capitalized interest)	$1,293	$1,637	$3,588	$3,669	$5,676
Fixed charges:					
Interest*	$ 82	$ 54	$ 50	$ 57	$ 29
Capitalized interest	6	11	8	27	46
Estimated interest component of rental expense	16	14	8	9	9
Total	$ 104	$ 79	$ 66	$ 93	$ 84
Ratio of earnings before taxes and fixed charges, to fixed charges	12.4x	20.7x	54.4x	39.5x	67.6x

</TABLE>

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

Exhibit 13

Consolidated Statements Of Income

Three years ended December 30, 1995
(In millions--except per share amounts)

	1995	1994	1993
Net revenues	$16,202	$11,521	$ 8,782
Cost of sales	7,811	5,576	3,252
Research and development	1,296	1,111	970
Marketing, general and administrative	1,843	1,447	1,168
Operating costs and expenses	10,950	8,134	5,390
Operating income	5,252	3,387	3,392
Interest expense	(29)	(57)	(50)
Interest income and other, net	415	273	188
Income before taxes	5,638	3,603	3,530
Provision for taxes	2,072	1,315	1,235
Net income	$ 3,566	$ 2,288	$ 2,295
Earnings per common and common equivalent share	$ 4.03	$ 2.62	$ 2.60
Weighted average common and common equivalent shares outstanding	884	874	882

See accompanying notes.

Consolidated Balance Sheets

December 30, 1995 and December 31, 1994
(In millions--except per share amounts)

	1995	1994
Assets		
Current assets:		
Cash and cash equivalents	$ 1,463	$ 1,180
Short-term investments	995	1,230
Accounts receivable, net of allowance for doubtful accounts of $57 ($32 in 1994)	3,116	1,978
Inventories	2,004	1,169
Deferred tax assets	408	552
Other current assets	111	58
Total current assets	8,097	6,167
Property, plant and equipment:		
Land and buildings	3,145	2,292
Machinery and equipment	7,099	5,374
Construction in progress	1,548	850
	11,792	8,516
Less accumulated depreciation	4,321	3,149
Property, plant and equipment, net	7,471	5,367
Long-term investments	1,653	2,127
Other assets	283	155
Total assets	$17,504	$13,816
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$ 346	$ 517
Accounts payable	864	575
Deferred income on shipments to distributors	304	269
Accrued compensation and benefits	758	588
Accrued advertising	218	108
Other accrued liabilities	328	538
Income taxes payable	801	429
Total current liabilities	3,619	3,024

Long-term debt	400	392
Deferred tax liabilities	620	389
Put warrants	725	744
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, $.001 par value, 50 shares authorized; none issued	--	--
Common Stock, $.001 par value, 1,400 shares authorized; 821 issued and outstanding in 1995 (827 in 1994) and capital in excess of par value	2,583	2,306
Retained earnings	9,557	6,961
Total stockholders' equity	12,140	9,267
Total liabilities and stockholders' equity	$17,504	$13,816

</TABLE>
See accompanying notes.

<TABLE>
Consolidated Statements Of Cash Flows
Three years ended December 30, 1995

(In millions)	1995	1994	1993
<S>	<C>	<C>	<C>
Cash and cash equivalents, beginning of year	$ 1,180	$ 1,659	$ 1,843
Cash flows provided by (used for) operating activities:			
Net income	3,566	2,288	2,295
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation	1,371	1,028	717
Net loss on retirements of property, plant and equipment	75	42	36
Amortization of debt discount	8	19	17
Change in deferred tax assets and liabilities	346	(150)	12
Changes in assets and liabilities:			
(Increase) in accounts receivable	(1,138)	(530)	(379)
(Increase) in inventories	(835)	(331)	(303)
(Increase) in other assets	(241)	(13)	(68)
Increase in accounts payable	289	148	146
Tax benefit from employee stock plans	116	61	68
Increase in income taxes payable	372	38	32
Increase in accrued compensation and benefits	170	44	109
(Decrease) increase in other liabilities	(73)	337	119
Total adjustments	460	693	506
Net cash provided by operating activities	4,026	2,981	2,801
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(3,550)	(2,441)	(1,933)
Purchases of long-term, available-for-sale investments	(129)	(975)	(1,165)
Sales of long-term, available-for-sale investments	114	10	5
Maturities and other changes in available-for-sale investments, net	878	503	(244)
Net cash (used for) investing activities	(2,687)	(2,903)	(3,337)
Cash flows provided by (used for) financing activities:			
(Decrease) increase in short-term debt, net	(179)	(63)	197
Additions to long-term debt	--	128	148
Retirement of long-term debt	(4)	(98)	--
Proceeds from sales of shares through employee stock plans and other	192	150	133
Proceeds from sale of Step-Up Warrants, net	--	--	287
Proceeds from sales of put warrants, net of repurchases	85	76	62
Repurchase and retirement of Common Stock	(1,034)	(658)	(391)

Payment of dividends to stockholders	(116)	(92)	(84)
Net cash (used for) provided by financing activities	(1,056)	(557)	352
Net increase (decrease) in cash and cash equivalents	283	(479)	(184)
Cash and cash equivalents, end of year	$ 1,463	$ 1,180	$ 1,659
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 182	$ 76	$ 39
Income taxes	$ 1,209	$ 1,366	$ 1,123

Cash paid for interest in 1995 includes approximately $108 million of accumulated interest on Zero Coupon Notes that matured in 1995.
</TABLE>
See accompanying notes.

Consolidated Statements Of Stockholders' Equity
<TABLE>

Three years ended December 30, 1995 (In millions)	Common Stock and capital in excess of par value		Retained earnings	Total
	Number of shares	Amount		
<S>	<C>	<C>	<C>	<C>
Balance at December 26, 1992	837	$ 1,776	$ 3,669	$ 5,445
Proceeds from sales of shares through employee stock plans, tax benefit of $68 and other	14	201	--	201
Proceeds from sales of put warrants	--	62	--	62
Reclassification of put warrant obligation, net	--	(37)	(278)	(315)
Proceeds from sale of Step-Up Warrants	--	287	--	287
Repurchase and retirement of Common Stock	(14)	(95)	(296)	(391)
Cash dividends declared ($.10 per share)	--	--	(84)	(84)
Net income	--	--	2,295	2,295
Balance at December 25, 1993	837	2,194	5,306	7,500
Proceeds from sales of shares through employee stock plans, tax benefit of $61 and other	12	215	--	215
Proceeds from sales of put warrants	--	76	--	76
Reclassification of put warrant obligation, net	--	(15)	(106)	(121)
Repurchase and retirement of Common Stock	(22)	(164)	(429)	(593)
Redemption of Common Stock Purchase Rights	--	--	(2)	(2)
Cash dividends declared ($.115 per share)	--	--	(96)	(96)
Net income	--	--	2,288	2,288
Balance at December 31, 1994	827	2,306	6,961	9,267
Proceeds from sales of shares through employee stock plans, tax benefit of $116 and other	13	310	--	310
Proceeds from sales of put warrants	--	85	--	85
Reclassification of put warrant obligation, net	--	61	(42)	19
Repurchase and retirement of Common Stock	(19)	(179)	(855)	(1,034)
Cash dividends declared ($.15 per share)	--	--	(124)	(124)
Unrealized gain on available-for-sale investments, net	--	--	51	51
Net income	--	--	3,566	3,566
Balance at December 30, 1995	821	$ 2,583	$ 9,557	$12,140

</TABLE>
See accompanying notes.

Notes To Consolidated Financial Statements

Accounting policies

Fiscal year. Intel Corporation ("Intel" or "the Company") has a fiscal year that ends the last Saturday in December. Fiscal years 1995 and 1993, each 52-week years, ended on December 30 and 25, respectively. Fiscal 1994 was a 53-week year and ended on December 31, 1994. The next 53-week year will end on December 30, 2000.

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

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.

Investments. Highly liquid investments with insignificant interest rate risk and with original maturities of three months or less are classified as cash and cash equivalents. Investments with maturities greater than three months and less than one year are classified as short-term investments. Investments with maturities greater than one year are classified as long-term investments. The Company accounts for investments in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective as of the beginning of fiscal 1994. The Company's policy is to protect the value of its investment portfolio and to minimize principal risk by earning returns based on current interest rates. All of the Company's marketable investments are classified as available-for-sale as of the balance sheet date and are reported at fair value, with unrealized gains and losses, net of tax, recorded in Stockholders' equity. The cost of securities sold is based on the specific identification method. Realized gains or losses and declines in value, if any, judged to be other than temporary on available-for-sale securities are reported in other income or expense. Investments in non-marketable instruments are recorded at the lower of cost or market and included in other assets.

Fair values of financial instruments. Fair values of cash and cash equivalents, short-term investments and short-term debt approximate cost due to the short period of time to maturity. Fair values of long-term investments, long-term debt, non-marketable instruments, swaps, currency forward contracts, currency options and options hedging non-marketable instruments are based on quoted market prices or pricing models using current market rates.

Derivative financial instruments. The Company utilizes 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 its 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 options hedging investments in non-marketable instruments are deferred and recognized in income in the same period as the hedges mature or when the underlying transaction is sold, whichever comes first. Income or expense on swaps is accrued as an adjustment to the yield of the related investments or debt they hedge.

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

<TABLE>

<S> (In millions)	<C> 1995	<C> 1994
Materials and purchased parts	$ 674	$ 345
Work in process	707	528
Finished goods	623	296
Total	$ 2,004	$ 1,169

</TABLE>

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

The Company adopted SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," effective as of the beginning of fiscal 1995. This adoption had no material effect on the Company's financial statements. Deferred income on shipments to distributors. Certain of the Company's sales are made to distributors under agreements allowing price protection and/or right of return on merchandise unsold by the distributors. Because of frequent sales price reductions and rapid technological obsolescence in the industry, Intel defers recognition of such sales until the merchandise is sold by the distributors.

Advertising. Cooperative advertising obligations are accrued and the costs expensed at the same time the related revenue is recognized. All other advertising costs are expensed as incurred. The Company does not incur any direct-response advertising costs. Advertising expense was $654 million, $459 million and $325 million in 1995, 1994 and 1993, respectively.

Interest. Interest as well as gains and losses related to contractual agreements to hedge certain investment positions and debt (see "Derivative financial instruments") are recorded as net interest income or expense on a monthly basis. Interest expense capitalized as a component of construction costs was $46 million, $27 million and $8 million for 1995, 1994 and 1993, respectively.

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

Stock distribution. On June 16, 1995, the Company effected a stock distribution in the form of a two-for-one stock split to stockholders of record as of May 19, 1995. Share, per share, Common Stock, capital in excess of par value, stock option and warrant amounts herein have been restated to reflect the effect of this split.

Common Stock

1998 Step-Up Warrants. In 1993, the Company issued 40 million 1998 Step-Up Warrants to purchase 40 million shares of Common Stock. This transaction resulted in an increase of $287 million in Common Stock and capital in excess of par value, representing net proceeds from the offering. The Warrants became exercisable in May 1993 at an effective price of $35.75 per share of Common Stock, subject to annual increases to a maximum price of $41.75 per share effective in March 1997. As of December 30, 1995, approximately 40 million Warrants were exercisable at a price of $38.75 and expire on March 14, 1998 if not previously exercised. For 1995, the Warrants had a dilutive effect on earnings per share and represented approximately 11 million common equivalent shares. The Warrants did not have a dilutive effect on earnings per share in 1994 or 1993.

Stock repurchase program. In 1990, the Board of Directors authorized the repurchase of up to 80 million shares of Intel's Common Stock in open market or negotiated transactions. The Board increased this authorization to a maximum of 110 million shares in July 1994. As of December 30, 1995, the Company had repurchased and retired approximately 68 million shares for the program to date at a cost of $2.19 billion. As of December 30, 1995, after reserving shares to cover outstanding put warrants, 29.9 million shares remained available under the repurchase authorization.

Put warrants

In a series of private placements from 1991 through 1995, the Company sold put warrants that entitle the holder of each warrant to sell one share of Common Stock to the Company at a specified price. Activity during the past three years is summarized as follows:

<TABLE>

(In millions)	Cumulative premium received	Put warrants outstanding: Number of warrants	Put warrants outstanding: Potential obligation
<S>	<C>	<C>	<C>
December 26, 1992	$ 56	28.0	$373
Sales	62	21.6	561
Expirations	--	(20.0)	(246)
December 25, 1993	118	29.6	688
Sales	76	25.0	744
Exercises	--	(2.0)	(65)
Expirations	--	(27.6)	(623)
December 31, 1994	194	25.0	744
Sales	85	17.5	925
Repurchases	--	(5.5)	(201)
Expirations	--	(25.0)	(743)
December 30, 1995	$279	12.0	$725

</TABLE>

The amount related to Intel's potential repurchase obligation has been reclassified from stockholders' equity to put warrants. The 12 million put warrants outstanding at December 30, 1995 expire on various dates between February 1996 and November 1996 and have exercise prices ranging from $38 to $68 per share, with an average exercise price of $60 per share. There is no significant dilutive effect on earnings per share for the periods presented.

Borrowings

Short-term debt. Short-term debt and weighted average interest rates at fiscal year-ends were as follows:

<TABLE>

(In millions)	1995 Balance	1995 Weighted average interest rate	1994 Balance	1994 Weighted average interest rate
<S>	<C>	<C>	<C>	<C>
Borrowed under lines of credit	$ 57	3.2%	$ 68	3.2%
Reverse repurchase agreements payable in non-U.S. currencies	124	9.2%	99	8.0%
Notes payable	2	4.7%	5	4.7%
Short-term portion of long-term debt	--	--	179	11.8%
Drafts payable	163	N/A	166	N/A
Total	$ 346		$ 517	

</TABLE>

At December 30, 1995, the Company had established foreign and domestic lines of credit of approximately $1.16 billion. The Company generally renegotiates these lines annually. Compensating balance requirements are not material.

The Company also borrows under commercial paper programs. Maximum borrowings reached $700 million during both 1995 and 1994. This debt is rated A1+ by Standard and Poor's and P1 by Moody's. Proceeds are used to fund short-term working capital needs.

Long-term debt. Long-term debt at fiscal year-ends was as follows:

<TABLE>

(In millions)	1995	1994
<S>	<C>	<C>
Payable in U.S. dollars:		
AFICA Bonds due 2013 at 4%	$ 110	$ 110
Zero Coupon Notes due 1995 at 11.8%, net of unamortized discount of $8 in 1994	--	179
Other U.S. dollar debt	4	4
Payable in other currencies:		
Irish punt due 2008-2024 at 6%-12%	240	228
Greek drachma due 2001	46	46
Other foreign currency debt	--	4
(Less short-term portion)	--	(179)
Total	$ 400	$ 392

</TABLE>

The Company has guaranteed repayment of principal and interest on the AFICA Bonds issued by the Puerto Rico Industrial, Medical and Environmental Pollution Control Facilities Financing Authority (AFICA). The bonds are adjustable and redeemable at the option of either the Company or the bondholder every five years through 2013 and are next adjustable and redeemable in 1998. The Zero Coupon Notes matured during 1995. The Irish punt borrowings were made in connection with the financing of a factory in Ireland, and Intel has invested the proceeds in Irish punt denominated instruments of similar maturity to hedge foreign currency and interest rate exposures. The Greek drachma borrowings were made under a tax incentive program in Ireland, and the proceeds and cash flows have been swapped to U.S. dollars.

In 1994, the Company filed a shelf registration statement with the Securities and Exchange Commission (SEC) that became effective in 1995. When combined with previous shelf registration statements, this filing gave Intel the authority to issue up to $3.3 billion in the aggregate of Common Stock, Preferred Stock, depositary shares, debt securities and warrants to purchase the Company's or other issuers' Common Stock, Preferred Stock and debt securities, and, subject to certain limits, stock index warrants and foreign currency exchange units.

In 1993, Intel completed an offering of Step-Up Warrants (see "1998 Step-Up Warrants"). The Company may issue up to $1.4 billion in additional securities under effective registration statements.

As of December 30, 1995, aggregate debt maturities were as follows: 1996-none; 1997-none; 1998-$110 million; 1999-none; 2000-none; and thereafter-$290 million.

Investments

The stated return on a majority of the Company's marketable investments in long-term fixed rate debt and equity securities are swapped to U.S. dollar LIBOR-based returns. The currency risks of investments denominated in foreign currencies are hedged with foreign currency borrowings, currency forward contracts or currency interest rate swaps (see "Derivative financial instruments" under "Accounting policies").

Investments with maturities of greater than six months consist primarily of A and A2 or better rated financial instruments and counterparties. Investments with maturities of up to six months consist primarily of A1/P1 or better rated financial instruments and counterparties. Foreign government regulations

imposed upon investment alternatives of foreign subsidiaries, or the absence of A and A2 rated counterparties in certain countries, result in some minor exceptions. Intel's practice is to obtain and secure available collateral from counterparties against obligations whenever Intel deems appropriate. At December 30, 1995, investments were placed with approximately 100 different counterparties.
Investments at December 30, 1995 were as follows:

<TABLE>

(In millions)	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
<S>	<C>	<C>	<C>	<C>
Commercial paper	$ 576	$ --	$ --	$ 576
Repurchase agreements	474	--	--	474
Securities of foreign governments	456	1	(1)	456
Corporate bonds	375	5	--	380
Bank time deposits	360	--	--	360
Loan participations	278	--	--	278
Floating rate notes	224	--	--	224
Fixed rate notes	159	1	(1)	159
Collateralized mortgage obligations	129	--	(1)	128
Other debt securities	119	--	(1)	118
Total debt securities	3,150	7	(4)	3,153
Hedged equity	431	45	--	476
Preferred stock and other equity	309	91	(11)	389
Total equity securities	740	136	(11)	865
Swaps hedging investments in debt securities	--	2	(9)	(7)
Swaps hedging investments in equity securities	--	5	(47)	(42)
Currency forward contracts hedging investments in debt securities	--	3	--	3
Total available-for-sale securities	3,890	153	(71)	3,972
Less amounts classified as cash equivalents	(1,324)	--	--	(1,324)
Total investments	$ 2,566	$ 153	$ (71)	$ 2,648

Investments at December 31, 1994 were as follows:

(In millions)	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Commercial paper	$ 544	$ --	$ --	$ 544
Repurchase agreements	194	--	--	194
Securities of foreign governments	518	2	(7)	513
Corporate bonds	440	12	(14)	438
Bank time deposits	406	--	--	406
Loan participations	266	6	(2)	270
Fixed rate notes	167	1	(2)	166
Collateralized mortgage obligations	170	--	(4)	166
Floating rate notes	488	1	(1)	488
Other debt securities	293	--	(5)	288
Total debt securities	3,486	22	(35)	3,473
Hedged equity	431	--	(58)	373
Preferred stock and other equity	368	20	(16)	372
Total equity securities	799	20	(74)	745
Swaps hedging investments in debt securities	--	22	(14)	8
Swaps hedging investments in equity securities	--	60	--	60
Currency forward contracts hedging investments in debt securities	--	1	--	1

Total available-for-sale securities	4,285	125	(123)	4,287
Less amounts classified as cash equivalents	(930)	--	--	(930)
Total investments	$ 3,355	$ 125	$ (123)	$ 3,357

</TABLE>
Note: Certain 1994 amounts have been restated to conform to the 1995 presentation.

During the year ended December 30, 1995, debt and marketable securities with a fair value at the date of sale of $114 million were sold. The gross realized gains on such sales totaled $60 million. There were no material proceeds or gross realized gains or losses from sales of securities during 1994.
The amortized cost and estimated fair value of investments in debt securities at December 30, 1995, by contractual maturity, were as follows:
<TABLE>

(In millions)	Cost	Estimated fair value
<S>	<C>	<C>
Due in 1 year or less	$ 2,172	$ 2,172
Due in 1-2 years	486	489
Due in 2-5 years	214	214
Due after 5 years	278	278
Total investments in debt securities	$ 3,150	$ 3,153

</TABLE>
Derivative financial instruments
Outstanding notional amounts for derivative financial instruments at fiscal year-ends were as follows:
<TABLE>

(In millions)	1995	1994
<S>	<C>	<C>
Swaps hedging investments in debt securities	$ 824	$ 1,080
Swaps hedging investments in equity securities	$ 567	$ 567
Swaps hedging debt	$ 156	$ 156
Currency forward contracts	$ 1,310	$ 784
Currency options	$ 28	$ 10
Options hedging investments in non-marketable instruments	$ 82	$ --

</TABLE>
While the contract or notional amounts provide one measure of the volume of these transactions, they do not represent the amount of the Company's exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of counterparties to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparties' obligations exceed the obligations of the Company. The Company controls credit risk through credit approvals, limits and monitoring procedures. Credit rating criteria for off-balance-sheet transactions are similar to those for investments.
Swap agreements. The Company utilizes swap agreements to exchange the foreign currency, equity, and interest rate returns of its investment and debt portfolios for a floating U.S. dollar interest rate based return. The floating rates on swaps are based primarily on U.S. dollar LIBOR and reset on a monthly, quarterly or semiannual basis.
Weighted average pay and receive rates, average maturities and range of maturities on swaps at December 30, 1995 were as follows:

<TABLE>

	Weighted average pay rate	Weighted average receive rate	Weighted average maturity	Range of maturities
<S>	<C>	<C>	<C>	<C>
Swaps hedging investments in U.S. dollar debt securities	6.5%	6.2%	1.1 years	0-3 years
Swaps hedging investments in foreign currency debt securities	10.4%	9.1%	1.1 years	0-3 years
Swaps hedging investments in equity securities	N/A	5.4%	1.2 years	0-2 years
Swaps hedging debt	5.9%	5.2%	3.6 years	3-6 years

</TABLE>
Note: Pay and receive rates are based on the reset rates that were in effect at December 30, 1995.

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

Other foreign currency instruments. Intel transacts business in various foreign currencies, primarily Japanese yen and certain European currencies. The maturities on most of these foreign currency instruments are less than 12 months. Deferred gains or losses attributable to foreign currency instruments are not material.

Fair values of financial instruments

The estimated fair values of financial instruments outstanding at fiscal year-ends were as follows:

(In millions)	1995 Carrying amount	1995 Estimated fair value	1994 Carrying amount	1994 Estimated fair value
Cash and cash equivalents	$ 1,463	$ 1,463	$ 1,180	$ 1,180
Short-term investments	$ 995	$ 995	$ 1,230	$ 1,230
Long-term investments	$ 1,699	$ 1,699	$ 2,058	$ 2,058
Non-marketable instruments	$ 239	$ 259	$ 59	$ 144
Swaps hedging investments in debt securities	$ (7)	$ (7)	$ 8	$ 8
Swaps hedging investments in equity securities	$ (42)	$ (42)	$ 60	$ 60
Options hedging investments in non-marketable instruments	$ (9)	$ (13)	$ --	$ --
Short-term debt	$ (346)	$ (346)	$ (517)	$ (517)
Long-term debt	$ (400)	$ (399)	$ (392)	$ (384)
Swaps hedging debt	$ --	$ (1)	$ --	$ (12)
Currency forward contracts	$ 3	$ 4	$ 1	$ 5
Currency options	$ --	$ --	$ --	$ --

Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of investments and trade receivables. Intel places its investments with high-credit-quality counterparties and, by policy, limits the amount of credit exposure to any one counterparty. A substantial majority of the Company's trade receivables are derived from sales to manufacturers of microcomputer systems, with the remainder spread across various other industries.

During 1995, the Company experienced an increase in its concentration of credit risk due to increasing trade receivables from sales to manufacturers of microcomputer systems. The Company's five largest customers accounted for approximately 33% of net revenues for 1995. At December 30, 1995, these customers accounted for approximately 34% of net accounts receivable. A portion of the receivable balance from one of the Company's five largest customers has been converted into a loan. The total amount receivable from this customer was approximately $400 million at December 30, 1995.

The Company endeavors to keep pace with the evolving computer industry and has adopted credit policies and standards intended to accommodate industry growth and inherent risk. Management believes that credit risks are moderated by the diversity of its end customers and geographic sales areas. Intel performs ongoing credit evaluations of its customers' financial condition and requires collateral as deemed necessary.

Interest income and other

(In millions)	1995	1994	1993
Interest income	$ 272	$ 235	$ 155
Foreign currency gains	29	15	--
Other income	114	23	33
Total	$ 415	$ 273	$ 188

Other income for 1995 included approximately $58 million from the settlement of ongoing litigation and $60 million from sales of a portion of the Company's investment in marketable equity securities. Other income for 1994 included non-recurring gains from the settlement of various insurance claims. Other income for 1993 included non-recurring gains from the sale of certain benefits related to the Company's Irish expansion and dividend income earned on equity investments.

Provision for taxes

The provision for taxes consisted of the following:

(In millions)	1995	1994	1993
Income before taxes:			
U.S.	$ 3,427	$ 2,460	$ 2,587
Foreign	2,211	1,143	943
Total income before taxes	$ 5,638	$ 3,603	$ 3,530
Provision for taxes:			
Federal:			
Current	$ 1,169	$ 1,169	$ 946
Deferred	307	(178)	35
	1,476	991	981
State:			
Current	203	162	150
Foreign:			
Current	354	134	127
Deferred	39	28	(23)
	393	162	104
Total provision for taxes	$ 2,072	$ 1,315	$ 1,235
Effective tax rate	36.8%	36.5%	35.0%

The tax benefit associated with dispositions from employee stock plans reduced taxes currently payable for 1995 by $116 million ($61 million and $68 million for 1994 and 1993, respectively).

The provision for taxes reconciled to the amount computed by applying the statutory federal rate of 35% to income before taxes as follows:

(In millions)	1995	1994	1993
Computed expected tax	$ 1,973	$ 1,261	$ 1,235
State taxes, net of federal benefits	132	105	98
Other	(33)	(51)	(98)
Provision for taxes	$ 2,072	$ 1,315	$ 1,235

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities at fiscal year-ends were as follows:

(In millions)	1995	1994
Deferred tax assets		
Accrued compensation and benefits	$ 61	$ 49
Deferred income	127	127
Inventory valuation and related reserves	104	255
Interest and taxes	61	54
Other, net	55	67
	408	552
Deferred tax liabilities		
Depreciation	(475)	(338)
Unremitted earnings of certain subsidiaries	(116)	(51)
Other, net	(29)	--
	(620)	(389)
Net deferred tax (liability) asset	$ (212)	$ 163

U.S. income taxes were not provided for on a cumulative total of approximately $615 million of undistributed earnings for certain non-U.S. subsidiaries. The Company intends to reinvest these earnings indefinitely in operations outside the United States.

The Company's U.S. income tax returns for the years 1978 through 1987 have been examined by the Internal Revenue Service (IRS). In 1989, the Company received a notice of proposed deficiencies from the IRS totaling $36 million, exclusive of penalties and interest, for the years 1978 through 1982. These proposed deficiencies relate primarily to operations in Puerto Rico. In 1989, the Company filed a petition in the U.S. Tax Court contesting these proposed deficiencies

and subsequently reached settlement of certain issues with the IRS. In 1993, the U.S. Tax Court ruled in favor of the Company on an export source issue and for the IRS on another, smaller issue. The IRS appealed the decision to the United States Court of Appeals for the Ninth Circuit, and the Company filed a cross-appeal of the decision. In 1995, the Court of Appeals affirmed the decision of the Tax Court. The IRS has subsequently requested a re-hearing.
The Company has also received an examination report for the years 1983 through 1987. Intel has lodged a protest, which relates solely to the export source issue referenced above, to the IRS Appeals Office, but no decisions have been reached.
The Company's U.S. income tax returns for the years 1988 through 1990 are presently under examination by the IRS. Final proposed adjustments have not yet been received for these years. Management believes that adequate amounts of tax and related interest and penalties, if any, have been provided for any adjustments that may result from unsettled portions of the 1978-1987 cases or the years now under examination.
Employee benefit plans
Stock option plans. Intel has a stock option plan (hereafter referred to as the EOP Plan) under which officers, key employees and non-employee directors may be granted options to purchase shares of the Company's authorized but unissued Common Stock. The Company also has an Executive Long-Term Stock Option Plan (ELTSOP) under which certain key executive officers may be granted options to purchase shares of the Company's authorized but unissued Common Stock. Under all plans, the option purchase price is not less than fair market value at the date of grant. The Company accounts for stock options in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees." In accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company intends to continue to apply APB No. 25 for purposes of determining net income and to adopt the pro forma disclosure requirements for fiscal 1996.
Options currently expire no later than ten years from the grant date. Proceeds received by the Company from exercises are credited to Common Stock and capital in excess of par value. Additional information with respect to EOP Plan activity was as follows:
<TABLE>

(In millions)	Shares available for options	Outstanding options Number of shares	Outstanding options Aggregate price
<S>	<C>	<C>	<C>
December 26, 1992	65.4	73.6	$ 669
Grants	(15.2)	15.2	357
Exercises	--	(9.0)	(56)
Cancellations	1.8	(1.8)	(24)
December 25, 1993	52.0	78.0	946
Grants	(12.0)	12.0	397
Exercises	--	(8.2)	(54)
Cancellations	1.6	(1.6)	(33)
December 31, 1994	41.6	80.2	1,256
Grants	(13.5)	13.5	645
Exercises	--	(9.8)	(81)
Cancellations	3.0	(3.0)	(77)
December 30, 1995	31.1	80.9	$ 1,743
Options exercisable at:			
December 25, 1993		20.4	$ 135
December 31, 1994		26.2	$ 198
December 30, 1995		25.3	$ 236

</TABLE>
The range of exercise prices for options outstanding under the EOP Plan at December 30, 1995 was $3.13 to $69.43. These options will expire if not exercised at specific dates ranging from January 1996 to December 2005. Prices for options exercised during the three-year period ended December 30, 1995 ranged from $3.04 to $36.13.

Activity for the ELTSOP Plan is summarized below:
<TABLE>

(In millions)	Shares available for options	Outstanding options Number of shares	Outstanding options Aggregate price
<S>	<C>	<C>	<C>
December 26, 1992	13.2	6.0	$ 44
Grants	(0.4)	0.4	11
Exercises	--	(0.8)	(6)
December 25, 1993	12.8	5.6	49
Exercises	--	(0.6)	(4)
December 31, 1994	12.8	5.0	45
Grants	(0.5)	0.5	30

Exercises	--	(0.9)	(6)
December 30, 1995	12.3	4.6	$ 69
Options exercisable at:			
December 25, 1993		1.4	$ 11
December 31, 1994		2.6	$ 19
December 30, 1995		3.8	$ 29

</TABLE>

The range of exercise prices for options outstanding under the ELTSOP Plan at December 30, 1995 was $7.31 to $60.48.

These options will expire if not exercised at specific dates ranging from April 1999 to September 2005. Prices for options exercised during the three-year period ended December 30, 1995 ranged from $7.31 to $7.34.

Stock participation plan. Under this plan, eligible employees may purchase shares of Intel's Common Stock at 85% of fair market value at specific, predetermined dates. Of the 59.0 million shares authorized to be issued under the plan, 11.9 million shares were available for issuance at December 30, 1995. Employees purchased 3.5 million shares in 1995 (4.0 million and 4.4 million in 1994 and 1993, respectively) for $110 million ($94 million and $71 million in 1994 and 1993, respectively).

Retirement plans. The Company provides tax-qualified profit-sharing retirement plans (the "Qualified Plans") for the benefit of eligible employees in the U.S. and Puerto Rico. The plans are designed to provide employees with an accumulation of funds for retirement on a tax-deferred basis and provide for annual discretionary contributions to trust funds.

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

The Company accrued $188 million for the Qualified Plans and the Non-Qualified Plan in 1995 ($152 million in 1994 and $103 million in 1993). Of the $188 million accrued in 1995, the Company expects to fund approximately $145 million for the 1995 contribution to the Qualified Plans and to allocate approximately $6 million for the Non-Qualified Plan. The remainder, plus approximately $140 million carried forward from prior years, is expected to be contributed to these plans when allowable under IRS regulations and plan rules. Contributions made by the Company vest based on the employee's years of service. Vesting begins after three years of service in 20% annual increments until the employee is 100% vested after seven years.

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

Pension expense for 1995, 1994 and 1993 for the U.S. and Puerto Rico plans was less than $1 million per year, and no component of expense exceeded $2 million. The funded status of these plans as of December 30, 1995 and December 31, 1994 was as follows:

<TABLE>

(In millions)	1995	1994
<S>	<C>	<C>
Vested benefit obligation	$ (3)	$ (3)
Accumulated benefit obligation	$ (4)	$ (3)
Projected benefit obligation	$ (6)	$ (5)
Fair market value of plan assets	8	6
Projected benefit obligation less than plan assets	2	1
Unrecognized net (gain)	(12)	(12)
Unrecognized prior service cost	3	4
Accrued pension costs	$ (7)	$ (7)

</TABLE>

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

<TABLE>

	1995	1994	1993
<S>	<C>	<C>	<C>
Discount rate	7.0%	8.5%	7.0%
Rate of increase in compensation levels	5.0%	5.5%	5.0%
Expected Long-Term return on assets	8.5%	8.5%	8.5%

</TABLE>

Plan assets of the U.S. and Puerto Rico plans consist primarily of listed stocks and bonds, repurchase agreements, money market securities, U.S. government securities and stock index derivatives.
The Company provides defined-benefit pension plans in certain foreign countries where required by statute. The Company's funding policy for foreign defined-benefit plans is consistent with the local requirements in each country.
Pension expense for 1995, 1994 and 1993 for the foreign plans included the following:
<TABLE>

(In millions)	1995	1994	1993
Service cost-benefits earned during the year	$ 9	$ 5	$ 5
Interest cost of projected benefit obligation	6	5	6
Actual investment (return) on plan assets	(4)	(8)	(7)
Net amortization and deferral	(2)	3	2
Net pension expense	$ 9	$ 5	$ 6

</TABLE>
The funded status of the foreign defined-benefit plans as of December 30, 1995 and December 31, 1994 is summarized below:
<TABLE>

1995 (In millions)	Assets exceed accu-mulated benefits	Accu-mulated benefits exceed assets
Vested benefit obligation	$ (44)	$ (8)
Accumulated benefit obligation	$ (46)	$ (14)
Projected benefit obligation	$ (62)	$ (22)
Fair market value of plan assets	67	4
Projected benefit obligation less than (in excess of) plan assets	5	(18)
Unrecognized net loss	4	5
Unrecognized net transition obligation	2	--
Prepaid (accrued) pension costs	$ 11	$ (13)

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

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

	1995	1994	1993
Discount rate	5.5%-14%	5.5%-14%	5.5%-14%
Rate of increase in compensation levels	4.5%-11%	4.5%-11%	4.5%-11%
Expected Long-Term return on assets	5.5%-14%	5.5%-14%	5.5%-14%

</TABLE>
Plan assets of the foreign plans consist primarily of listed stocks, bonds and cash surrender value life insurance policies.
Other postemployment benefits. The Company has adopted SFAS No. 106,

"Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 112, "Employers' Accounting for Postemployment Benefits." There was no material impact on the Company's financial statements for the periods presented.

Commitments

The Company leases a portion of its capital equipment and certain of its facilities under operating leases that expire at various dates through 2011. Rental expense was $38 million in 1995, $38 million in 1994 and $35 million in 1993. Minimum rental commitments under all non-cancelable leases with an initial term in excess of one year are payable as follows: 1996--$25 million; 1997--$20 million; 1998--$15 million; 1999--$12 million; 2000--$10 million; 2001 and beyond--$23 million. Commitments for construction or purchase of property, plant and equipment approximated $1.47 billion at December 30, 1995. In connection with certain manufacturing arrangements, Intel had minimum purchase commitments of approximately $1.12 billion at December 30, 1995 for flash memories and other memory components and for production capacity of board-level products.

Contingencies

On March 29, 1995, Thorn EMI North America Inc. brought suit in Federal Court in Delaware against Intel and Advanced Micro Devices, Inc. (AMD) alleging infringement of a U.S. patent relating to processes for manufacturing semiconductors, certain of which processes are utilized in the manufacture of the Company's Pentium(R) and Pentium(R) Pro microprocessors. The plaintiff is seeking injunctive relief and unspecified damages. On September 8, 1995, Intel was granted a motion to sever its case from the AMD case. Trial of the plaintiff's claims against Intel is presently set for June 1996. The Company believes this lawsuit to be without merit 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.

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

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

The estimate of the potential impact on the Company's financial position or overall results of operations for the above legal proceedings could change in the future.

Industry segment reporting

The Company operates predominantly in one industry segment. The Company designs, develops, manufactures and markets microcomputer components and related products at various levels of integration. The Company sells its products directly to original equipment manufacturers (OEMs) and also to a network of industrial and retail distributors throughout the world. The Company's principal markets are in the United States, Europe, Asia-Pacific and Japan, with the U.S. and Europe being the largest based on revenues. The Company's major products include microprocessors and related board-level products, chipsets, embedded processors and microcontrollers, flash memory chips, and network and communications products. Microprocessors and related board-level products account for a substantial majority of the Company's net revenues. No customer exceeded 10% of revenues in 1995 or 1994. One significant customer accounted for 10% of revenues in 1993. Summary balance sheet information for operations outside the United States at Fiscal year-ends is as follows:

<TABLE>

(In millions)	1995	1994
<S>	<C>	<C>
Total assets	$ 4,404	$ 2,940
Total liabilities	$ 1,661	$ 962
Net property, plant and equipment	$ 1,414	$ 1,238

</TABLE>

Geographic information for the three years ended December 30, 1995 is presented in the following table. Transfers between geographic areas are accounted for at amounts that are generally above cost and consistent with rules and regulations of governing tax authorities. Such transfers are eliminated in the consolidated financial statements. Operating income by geographic segment does not include an allocation of general corporate expenses. identifiable assets are those that can be directly associated with a particular geographic area. Corporate assets include cash and cash equivalents, short-term investments, deferred tax assets, other current assets, long-term investments and certain other assets.

<TABLE>

(In millions) 1995	Sales to unaffiliated customers	Transfers between geographic areas	Net revenues	Operating income	Identi-fiable assets
<S>	<C>	<C>	<C>	<C>	<C>
United States	$ 7,922	$ 6,339	$14,261	$ 3,315	$12,603
Europe	4,560	1,190	5,750	1,383	2,517
Japan	1,737	28	1,765	353	665
Asia-Pacific	1,983	1,566	3,549	271	893
Other	--	684	684	410	329
Eliminations	--	(9,807)	(9,807)	124	(3,651)
Corporate	--	--	--	(604)	4,148
Consolidated	$16,202	$ --	$16,202	$ 5,252	$17,504
1994					
United States	$ 5,826	$ 4,561	$10,387	$ 2,742	$ 7,771
Europe	3,158	380	3,538	418	1,733
Japan	944	61	1,005	125	343
Asia-Pacific	1,593	1,021	2,614	154	540
Other	--	639	639	378	324
Eliminations	--	(6,662)	(6,662)	179	(1,878)
Corporate	--	--	--	(609)	4,983
Consolidated	$11,521	$ --	$11,521	$ 3,387	$13,816
1993					
United States	$ 4,416	$ 3,406	$ 7,822	$ 2,896	$ 5,379
Europe	2,476	51	2,527	309	1,214
Japan	678	119	797	108	351
Asia-Pacific	1,212	745	1,957	132	420
Other	--	566	566	348	207
Eliminations	--	(4,887)	(4,887)	85	(1,123)
Corporate	--	--	--	(486)	4,896
Consolidated	$ 8,782	$ --	$ 8,782	$ 3,392	$11,344

</TABLE>

Supplemental information (unaudited)

Quarterly information for the two years ended December 30, 1995 is presented on page 31.

Report Of Ernst & Young LLP, Independent Auditors

The Board of Directors and
Stockholders, Intel Corporation

We have audited the accompanying consolidated balance sheets of Intel Corporation as of December 30, 1995 and December 31, 1994, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intel Corporation at December 30, 1995 and December 31, 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 30, 1995, in conformity with generally accepted accounting principles.

San Jose, California
January 15, 1996

Financial Summary
Ten Years Ended December 30, 1995

<TABLE>

(In millions)	Net investment in property, plant & equip.	Total assets	Long-term debt & put warrants	Stock-holders' equity	Additions to property, plant & equipment
<S>	<C>	<C>	<C>	<C>	<C>
1995	$ 7,471	$17,504	$ 1,125	$12,140	$ 3,550
1994	$ 5,367	$13,816	$ 1,136	$ 9,267	$ 2,441
1993	$ 3,996	$11,344	$ 1,114	$ 7,500	$ 1,933
1992	$ 2,816	$ 8,089	$ 622	$ 5,445	$ 1,228
1991	$ 2,163	$ 6,292	$ 503	$ 4,418	$ 948
1990	$ 1,658	$ 5,376	$ 345	$ 3,592	$ 680
1989	$ 1,284	$ 3,994	$ 412	$ 2,549	$ 422
1988	$ 1,122	$ 3,550	$ 479	$ 2,080	$ 477
1987	$ 891	$ 2,499	$ 298	$ 1,276	$ 302
1986	$ 779	$ 1,977	$ 287	$ 1,245	$ 155

</TABLE>
<TABLE>

(In millions--except per share amounts)

	Net revenues	Cost of sales	Research & devel-opment	Operating income (loss)	Net income (loss)	Earnings (loss) per share	Dividends declared per share
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1995	$16,202	$ 7,811	$ 1,296	$ 5,252	$ 3,566	$ 4.03	$ 0.15
1994	$11,521	$ 5,576	$ 1,111	$ 3,387	$ 2,288	$ 2.62	$ 0.115
1993	$ 8,782	$ 3,252	$ 970	$ 3,392	$ 2,295	$ 2.60	$ 0.10
1992	$ 5,844	$ 2,557	$ 780	$ 1,490	$ 1,067	$ 1.24	$ 0.05
1991	$ 4,779	$ 2,316	$ 618	$ 1,080	$ 819	$ 0.98	--
1990	$ 3,921	$ 1,930	$ 517	$ 858	$ 650	$ 0.80	--
1989	$ 3,127	$ 1,721	$ 365	$ 557	$ 391	$ 0.52	--
1988	$ 2,875	$ 1,506	$ 318	$ 594	$ 453	$ 0.63	--
1987	$ 1,907	$ 1,044	$ 260	$ 246	$ 248	$ 0.34	--
1986	$ 1,265	$ 861	$ 228	$ (195)	$ (203)	$ (0.29)	--

</TABLE>

Management's Discussion And Analysis Of Financial Condition And Results Of Operations

Results of operations. Intel posted record net revenues in 1995, for the ninth consecutive year, rising by 41% from 1994 to 1995 and by 31% from 1993 to 1994. Higher volumes of the rapidly ramping Pentium(R) microprocessor family, partially offset by lower prices, and increased sales of related board-level products were responsible for most of the growth in revenues in 1994 and 1995. Revenues from the Intel486(TM) microprocessor family declined substantially in 1995 due to a shift in market demand toward the Company's Pentium microprocessors and lower Intel486 microprocessor prices.

Higher volumes of flash memory and chipset products also contributed toward the increase in revenues from 1993 to 1995 and also helped enable the successful Pentium microprocessor ramp. Sales of system platforms, embedded control products, and networking and communications products also grew.

Cost of sales increased by 40% from 1994 to 1995 and by 71% from 1993 to 1994. The growth in cost of sales from 1993 to 1995 was driven by Pentium microprocessor and board-level unit volume growth, new factories coming into production, shifts in process and product mix, and in the fourth quarter of 1995, by costs associated with unusually high reserves related to inventories of certain purchased components. Gross margin for the fourth quarter of 1994 included the impact of a $475 million charge, primarily to cost of sales, to cover replacement costs, replacement material and an inventory writedown related to a divide problem in the floating point unit of the Pentium microprocessor. As a result of the above factors, the gross margin percentage was 52% in 1995 and 1994, compared to 63% in 1993.

Quarterly unit shipments of the Pentium microprocessor family surpassed those of the Intel486 microprocessor family during the third quarter of 1995. The Company helped accelerate this transition by offering chipsets and motherboards to enable computer manufacturers to bring their products to market faster. Sales of the Pentium microprocessor family comprised a majority of the Company's revenues and a substantial majority of its gross margin during 1995. During 1995, the Intel486 microprocessor family represented a significant but rapidly declining portion of the Company's revenues and gross margins. The Intel486 microprocessor family comprised a majority of the Company's revenues and a substantial majority of its gross margin during 1993 and 1994.

Research and development spending grew by 17% from 1994 to 1995, as the Company continued to invest in strategic programs, particularly for the internal development of microprocessor products and related manufacturing technology. Increased spending for marketing programs, including media merchandising and the Company's Intel Inside(R) cooperative advertising program, drove the 27% increase in marketing, general and administrative expenses from 1994 to 1995.

The $28 million decrease in interest expense from 1994 to 1995 was mainly due to lower average borrowing balances in addition to higher interest capitalization resulting from increased facility construction programs. The increase in interest expense from 1993 to 1994 was primarily due to higher average interest rates on borrowings, partially offset by higher interest capitalization.

Interest and other income increased by $142 million from 1994 to 1995, primarily due to higher average interest rates on investments in 1995, gains of $58 million related to the settlement of litigation and gains of $60 million from the sale of a portion of the Company's investment in marketable equity securities. Interest and other income increased by $85 million from 1993 to 1994, mainly due to higher average interest rates on investments in 1994, gains related to the settlement of various insurance claims in 1994, and higher foreign exchange gains and investment balances in 1994. Interest and other income in 1993 included gains of $27 million from the sale of certain foreign benefits related to a plant expansion in Ireland during 1993.

The Company utilizes investments and corresponding interest rate swaps to preserve principal while enhancing the yield on its investment portfolio without significantly increasing risk, and uses forward contracts, options and swaps to hedge currency, market and interest rate exposures. Gains and losses on these instruments are generally offset by those on the underlying hedged transactions; as a result, there was no material net impact on the Company's financial results during the 1993- 1995 period.

The Company's effective income tax rate increased to 36.8% in 1995 compared to 36.5% and 35.0% in 1994 and 1993, respectively. The increases in rate from 1993 to 1995 resulted from the fact that tax credits have not grown as rapidly as overall pretax income.

Financial condition. The Company's financial condition remains very strong. As of December 30, 1995, total cash and short- and long-term investments totaled $4.11 billion, down from $4.54 billion at December 31, 1994. Cash generated from operating activities rose to $4.03 billion in 1995, compared to $2.98 billion and $2.80 billion in 1994 and 1993, respectively.

Investing activities consumed $2.69 billion in cash during 1995, compared to $2.90 billion during 1994 and $3.34 billion during 1993. Capital expenditures increased substantially in both 1994 and 1995, as the Company continued to invest in the property, plant and equipment needed for future business requirements, including manufacturing capacity. The Company expects to spend approximately $4.1 billion for capital additions in 1996 and had committed approximately $1.47 billion for the construction or purchase of property, plant and equipment as of December 30, 1995.

Inventory levels, particularly raw materials and finished goods, increased significantly in 1995. This increase was primarily attributable to the increased level of business and, to a lesser extent, to an unusually low level of inventory at the end of 1994 because of a writedown of inventories in the fourth quarter of 1994 in connection with the divide problem in the floating point unit of the Pentium processor. The increase in accounts receivable in 1995 was mainly due to revenue growth, including the growth of non-domestic sales that have longer payment terms. During 1995, the Company experienced an increase in its concentration of credit risk due to increasing trade receivables from sales to manufacturers of microcomputer systems. The Company's five largest customers accounted for approximately 33% of net revenues for 1995. At December 30, 1995, these customers accounted for approximately 34% of net accounts receivable. A portion of the receivable balance from one of its five largest customers has been converted into a loan. The total amount receivable from this customer was approximately $400 million at December 30, 1995.

The Company used $1.06 billion and $557 million for financing activities in 1995 and 1994, respectively, while $352 million was provided in 1993. The major financing application of cash in 1995 was for stock repurchases totaling $1.03 billion. Financing applications of cash in 1994 included stock repurchases of $658 million and the early retirement of the Company's 8 1/8% debt. Sources of financing in 1993 included the Company's public offering of the 1998 Step-Up Warrants, which resulted in proceeds of $287 million.

As part of its authorized stock repurchase program, the Company had outstanding put warrants at the end of 1995, with the potential obligation to buy back 12 million shares of its Common Stock at an aggregate price of $725 million. The exercise price of these warrants ranges from $38 to $68 per share, with an average exercise price of $60 per share.

Other sources of liquidity include combined credit lines and authorized commercial paper borrowings of $1.86 billion, $57 million of which was outstanding at December 30, 1995. The Company also maintains the ability to issue an aggregate of approximately $1.4 billion in debt, equity and other securities under Securities and Exchange Commission (SEC) shelf registration statements. The Company believes that it has the financial resources needed to meet business requirements in the foreseeable future, including capital expenditures for the recently announced expansion of international manufacturing sites, working capital requirements, the potential put warrant obligation and the dividend program.

Outlook. The statements contained in this Outlook are based on current expectations. These statements are forward looking, and actual results may differ materially.

Intel expects that the total number of personal computers using Intel's Pentium microprocessors and other semiconductor components sold worldwide will continue to grow in 1996. Intel has expanded manufacturing capacity over the last few years and continues to expand capacity to be able to meet the potential increase in demand. Intel's financial results are to a large extent dependent on this market segment. Revenue is also a function of the distribution of microprocessor speed and performance levels, which is difficult to forecast. Because of the large price difference between components for the highest and lowest performance computers, this distribution affects the average price Intel will realize and has a large impact on Intel's revenues. Intel's strategy has been, and continues to be, to introduce ever higher performance microprocessors and work with the software industry to develop compelling applications that can take advantage of this higher performance, thus driving demand toward the newer products. Capacity has been planned based on the assumed continued success of the Company's strategy.

In line with this strategy, the Company has recently announced higher speed members of the Pentium(R) Pro microprocessor family. If the market demand does not continue to grow and move rapidly toward higher performance products, revenue growth may be impacted, the manufacturing capacity installed might be under-utilized and capital spending may be slowed. The Company may continue to reduce microprocessor prices aggressively and systematically to bring its technology to market.

The Company's gross margin percentage is a sensitive function of the product mix sold in any period. Because the percentage of motherboards that Intel's customers purchase changes with maturity of the product cycle, and motherboards generally have lower gross margin percentages than microprocessors, Intel's gross margin percentage varies depending on the mix of microprocessors and related motherboards within a product family. Various other factors, including unit volumes and costs and yield issues associated with initiating production at new factories or on new processes, also will continue to affect the amount of cost of sales and the variability of gross margin percentages in future quarters. From time to time the Company may forecast a range of gross margin percentages for the coming quarter. Actual results may differ. Longer term gross margin percentages are even more difficult to predict.

To implement its strategy, Intel continues to build capacity to produce high-performance microprocessors and other products. The Company expects that capital spending will increase to approximately $4.1 billion in 1996. This spending plan is dependent upon delivery times of various machines and construction schedules for new facilities. Based on this forecast, depreciation for 1996 is expected to be approximately $1.9 billion, an increase of approximately $500 million from 1995. Most of this increased depreciation will be included in cost of sales and research and development spending.

The industry in which Intel operates is characterized by very short product life cycles. Intel considers it imperative to maintain a strong research and development program to continue to succeed. Accordingly, research and development spending is expected to grow in 1996 to approximately $1.6 billion.

The Company will also continue spending to promote its products and to increase the value of its product brands. Based on current forecasts, spending for marketing and general and administrative expenses is expected to increase in 1996.

The Company expects its tax rate to decrease to 36.5% for 1996. This estimate is based on current tax law and is subject to change.

The Company's future results of operations and the other forward looking statements contained in this Outlook, in particular the statements regarding growth in the personal computer industry, capital spending, depreciation, research and development, and marketing and general and administrative expenses, 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 the general economy; competitive factors, such as rival chip architectures, competing software compatible microprocessors, acceptance of new products and price pressures; availability of third-party component products at reasonable prices; risk of nonpayment of accounts receivable or customer loans; manufacturing ramp and capacity; risks associated with foreign operations; risk of inventory obsolescence due to shifts in market demand; timing of software industry product introductions; 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, product mix and profits are all influenced by a number of factors, as discussed above.

Financial Information By Quarter
(In millions--except per share data)
(Unaudited)
<TABLE>

1995 for quarter ended		December 30	September 30	July 1	April 1
<S>		<C>	<C>	<C>	<C>
Net revenues		$ 4,580	$ 4,171	$ 3,894	$ 3,557
Cost of sales		$ 2,389	$ 2,008	$ 1,805	$ 1,609
Net income		$ 867	$ 931	$ 879	$ 889
Earnings per share		$ .98	$ 1.05	$ .99	$ 1.02
Dividends per share(A)					
	Declared	$ .04	$ .04	$ .04	$ .03
	Paid	$ .04	$ .04	$ .03	$ .03
Market price range Common					
Stock(B)	High	$ 72.88	$ 76.44	$ 65.63	$ 44.25
	Low	$ 56.75	$ 58.63	$ 42.75	$ 31.81
Market price range Step-Up					
Warrants(B)	High	$ 39.00	$ 43.63	$ 31.88	$ 11.91
	Low	$ 26.75	$ 30.44	$ 11.31	$ 6.97

(In millions-except per share data)

1994 for quarter ended	December 31	October 1	July 2	April 2
Net revenues	$ 3,228	$ 2,863	$ 2,770	$ 2,660
Cost of sales	$ 2,023	$ 1,273	$ 1,156	$ 1,124

Net income		$ 372(C)	$ 659	$ 640	$ 617
Earnings per share		$ .43	$ .76	$ .73	$ .70
Dividends per share(A)					
	Declared	$ .03	$ .03	$ .03	$ .025
	Paid	$ .03	$ .03	$ .025	$ .025
Market price range Common					
Stock(B)	High	$ 33.06	$ 33.63	$ 35.31	$ 36.13
	Low	$ 28.91	$ 28.25	$ 28.75	$ 30.63
Market price range Step-Up					
Warrants(B)	High	$ 7.50	$ 8.00	$ 9.22	$ 9.75
	Low	$ 6.16	$ 6.50	$ 6.50	$ 7.56

</TABLE>

(A) Intel plans to continue its dividend program. However, dividends are dependent on future earnings, capital requirements and financial condition.
(B) Intel's Common Stock (symbol INTC) and 1998 Step-Up Warrants (symbol INTCW) trade on The Nasdaq Stock Market and are quoted in the Wall Street Journal and other newspapers. Intel's Common Stock also trades on the Zurich, Basel and Geneva, Switzerland exchanges. At December 30, 1995, there were approximately 69,400 holders of Common Stock. All stock and warrant prices are closing prices per The Nasdaq Stock Market.
(C) Net income for the fourth quarter of 1994 was impacted by a $475 million pretax charge to revenue and cost of sales to cover replacement and other costs associated with a divide problem in the floating point unit of the Company's Pentium processor.

GRAPHICS APPENDIX LIST*

* In this Appendix, the following descriptions of graphs on pages 28 and 29 of the Company's 1995 Annual Report to Stockholders that are omitted from the EDGAR text are more specific with respect to the actual amounts and percentages than can be determined from the graphs themselves.

The Company submits such more specific descriptions only for the purpose of complying with EDGAR requirements for transmitting this Annual Report on Form 10-K; such more specific descriptions are not intended in any way to provide information that is additional to that otherwise provided in the 1995 Annual Report to Stockholders.

<TABLE>

REVENUES AND INCOME
(Dollars in billions)

<S>	1993 <C>	1994 <C>	1995 <C>
Net revenues	8.782	11.521	16.202
Net income	2.295	2.288	3.566

COSTS AND EXPENSES
(Percent of revenues)

	1993	1994	1995
Cost of sales	37%	48%	48%
R&D	11%	10%	8%
Marketing and G&A	13%	13%	11%

OTHER INCOME AND EXPENSE
(Dollars in millions)

	1993	1994	1995
Interest and other income	188	273	415
Interest expense	50	57	29

CASH AND INVESTMENTS
(Dollars in billions)

	1994	1995
Cash and cash equivalents	1.180	1.463
Short-term investments	1.230	.995
Long-term investments	2.127	1.653

</TABLE>

EXHIBIT 21

INTEL CORPORATION

SUBSIDIARIES

(All 100% Owned)

Intel International
(Incorporated in California)

Intel Overseas Corp.
(Incorporated in California)

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

EXHIBIT 23

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Intel Corporation of our report dated January 15, 1996, included in the 1995 Annual Report to Stockholders of Intel Corporation.

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

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-10392, 2-73464, 2-56648, 33-33983, 2-90217, 33-29672, 33-41771, and 33-63489; and Form S-3 Nos. 33-20117, 33-54220, 33-58964, 33-49827, 33-50971 and 33-56107) of our report dated January 15, 1996, with respect to the financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Intel Corporation.

/s/Ernst & Young LLP

San Jose, California
March 27, 1996

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This schedule contains summary information extracted from Intel Corporation's CONSOLIDATED CONDENSED STATEMENTS OF INCOME AND CONSOLIDATED CONDENSED BALANCE SHEETS and is qualified in its entirety by reference to such financial statements.
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<F1>Item consists of put warrants.
<F2>Item consists of research and development.
</FN>

</TABLE>

Exhibit 4.2

THIRD AMENDMENT TO WARRANT AGREEMENT

This Third Amendment to Warrant Agreement (this "Amendment") is made and entered into as of May 1, 1995, 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, and that certain Second Amendment to Warrant Agreement, dated January 17, 1994 (collectively, the "Warrant Agreement").

RECITALS

(a) The Company issued 1998 Step-Up Warrants (the "Warrants") entitling holders to purchase 20,000,000 shares of the Company's Common Stock, $.001 par value (the "Common Stock") (as adjusted for previous stock splits);

(b) On April 27, 1995, the Company's Board of Directors 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"); and

(c) Pursuant to Sections 14(a), (h) and (k) of the Agreement, the Warrants will be adjusted, as of the June 16, 1995 payment date for the Split (the "Payment Date"), by reducing the per share exercise prices of each Warrant to one-half of the per share exercise prices in effect immediately prior to the Payment Date, and by issuing to each Warrant holder of record on the May 19, 1995 record date for the Split, one additional Warrant at the adjusted per share exercise prices for each Warrant held as of such record date.

AGREEMENT

NOW, THEREFORE, 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 June 16, 1995, 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 forty million (40,000,000) Shares may be issued and delivered by the Company hereunder."

2. Effective as of June 16, 1995, 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	$35.75**
March 14, 1994	March 14, 1995	$37.25**
March 14, 1995	March 14, 1996	$38.75
March 14, 1996	March 14, 1997	$40.25
March 14, 1997	March 14, 1998	$41.75

**(expired prior to, but adjusted to reflect, stock distribution paid June 16, 1995)"

3. Effective as of June 16, 1995, Exhibit A is replaced with the attached Exhibit A-3.
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/ THOMAS R. LAVELLE	By: /s/ ARVIND SODHANI
	Name/Title: Arvind Sodhani, Treasurer
Attest:	HARRIS TRUST AND SAVINGS BANK
___________________________	By: /s/ RICHARD C. CARLSON
	Name/Title: Richard C. Carlson, Vice President

EXHIBIT A-3 (REVISED 5/95)
[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 initial 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	$35.75**
March 14, 1994	March 14, 1995	$37.25**
March 14, 1995	March 14, 1996	$38.75
March 14, 1996	March 14, 1997	$40.25
March 14, 1997	March 14, 1998	$41.75

**(expired prior to, but adjusted to reflect, stock distribution paid June 16, 1995)

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 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 forty million (40,000,000) 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, 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:
____