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
For the fiscal year ended December 27, 1997, OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ---------------- to ----------------

Commission File Number 0-6217

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

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

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

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 28, 1998
$136.5 billion

1,626.8 million shares of Common Stock outstanding as of February 28, 1998

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of Annual Report to Stockholders for fiscal year ended December 27, 1997 - Parts I, II and IV.
(2) Portions of the Registrant's Proxy Statement related to the 1998 Annual Meeting of Stockholders, to be filed subsequent to the date hereof - 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 computer components and related products at various levels of integration. Intel's principal components consist of silicon-based semiconductors etched with complex patterns of transistors. Many of these integrated circuits can perform the functions of millions of individual transistors, diodes, capacitors and resistors. The

Company was incorporated in California in 1968 and reincorporated in Delaware in 1989.

Products

The Company's major products include microprocessors, chipsets, graphics products, embedded processors and microcontrollers, flash memory products, network and communications products, conferencing products and digital imaging products. Intel sells its products to original equipment manufacturers ("OEMs") of computer systems and peripherals; PC users, who buy Intel's PC enhancements, business communications products and networking products through reseller, retail and OEM channels; and other manufacturers, including makers of a wide range of industrial and telecommunications equipment.

Microprocessors.
- ---------------- 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) processor with MMX(TM) technology and the sixth-generation processor family (including Pentium(R) II and Pentium(R) Pro microprocessors).

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 die, and a greater number of microprocessors to be placed on each silicon wafer. The result is smaller, faster microprocessors that consume less power and cost less to manufacture. In 1997, the Company introduced and rapidly ramped manufacturing capacity on its most advanced 0.25-micron process technology, enabling high-volume production of its newest, fastest microprocessors.

The year 1997 was one of major product transitions for Intel. The Company introduced two major new microprocessor products (described below), effectively replacing its previous product lines in this area. Over 90% of the microprocessors shipped in the fourth quarter were introduced in the first five months of 1997. Also during the year, the Company began to focus on separate market segments, from the basic PC (systems costing less than $1,000) to high-performance workstations and servers, which the Company believes offer expanded growth opportunities. As a result, the Company is implementing new plans and strategies to embrace all major market segments.

In January 1997, Intel unveiled the Pentium processor with MMX technology, the first chip to include the Company's new technology to improve performance on media-rich applications. New systems and new software optimized for the Pentium processor with MMX technology were available at the time of the processor's introduction, paving the

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** Page references to the 1997 Annual Report to Stockholders or to the Registrant's 1998 Proxy Statement related to the 1998 Annual Meeting of Stockholders under Item 1 in Part I and Items 5, 6, 7, 7A and 8 in Part II; 10, 11, 12 and 13 in Part III and 14 in Part IV relate to the bound, printed versions of such Report and Proxy Statement, not to the electronic versions appearing at the Intel Internet site (www.intel.com). However, all data referred to also appears in the electronic versions.

way for market acceptance of the product. The Company initially offered the Pentium processor with MMX technology at speeds of 200 and 166 MHz for desktop systems and 166 and 150 MHz for mobile computers.

Later in the year, Intel expanded this key product line by introducing new speeds and models. Introduced in June, a 233-MHz Pentium processor with MMX technology provides a higher-performance option for desktop and server systems. Intel expanded the mobile computing line with Pentium processors with MMX technology at 133 MHz in May, 233 MHz and 200 MHz in September, and 266 MHz in January 1998, all aimed at notebook computers. The Company also introduced a 120-MHz version in October 1997 and a 166-MHz version in January 1998 designed especially for the mini-notebook computer market segment. The processors optimized for mobile applications consume less power and come in a smaller package than the desktop/server versions.

Intel also expanded its OverDrive(R) processor family of upgrade microprocessors in 1997. In March, Intel introduced the Pentium Overdrive(R) processor with MMX technology at speeds of 166, 150 and 125 MHz, and in August Intel announced the addition of 200- and 180-MHz versions. This OverDrive processor allows computer users to upgrade most older Pentium processor-based systems to take advantage of the benefits of the MMX media enhancement technology, bringing richer multimedia performance to Pentium processor-based PCs in a single upgrade chip.

In May 1997, the Company launched the Pentium II processor, a new version of its sixth-generation microarchitecture, which incorporates MMX technology for optimal media performance and provides more processing power than any other

Intel chip to date. Introduced at speeds of 300, 266 and 233 MHz, the Pentium II processor provides the performance to drive enterprise computing, deliver enhanced capabilities to small businesses, and power demanding workstation systems. The Pentium II processor's Dual Independent Bus architecture addresses the bandwidth limitations of previous-generation processor architectures by using two independent buses that can access data simultaneously and in parallel. The processor also incorporates Dynamic Execution technology, which extends the raw performance of the processor by allowing more data to be processed in parallel in a given period of time. These advanced technologies enable the Pentium II processor to deliver superior results in all three key elements of microprocessor performance: floating point, multimedia and integer calculations. In January 1998, Intel introduced its fastest microprocessor to date, the 333-MHz Pentium II processor.

Intel also introduced a new version of its Pentium Pro microprocessor running at 200 MHz, with one megabyte of integrated Level 2 cache, compared to 512 kilobytes of Level 2 cache in previous versions. As the larger Level 2 cache improves the performance of the processor in multiple-processor systems, this new Pentium Pro processor is targeted for multiprocessing servers and it offers Intel's highest performance for four-way processor and higher based enterprise server systems.

While many of Intel's original equipment manufacturer (OEM) customers use the Company's microprocessors as components in designing their own computer products, some OEMs use Intel-designed board-level products as basic building blocks in their computer products. OEM customers may 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.

Sales of Pentium family microprocessors and related board-level products comprised a majority of the Company's revenues and gross margin during 1997. During 1996 and 1995, a majority of the Company's revenues and a substantial majority of its gross margin were derived from these products. Sales of Pentium Pro and Pentium II microprocessors became an increasing portion of the Company's revenues and gross margin in 1996 and a significant portion in 1997. The Intel486(TM) microprocessor family contributed significant but declining revenues and gross margin in 1995 and negligible revenues and gross margin in 1996.

In 1997, the Company announced that the first member of its new family of 64-bit microprocessors, the Merced(TM) processor, is scheduled to ship in 1999. The Merced processor will extend the Intel Architecture with new levels of performance and features for the server and workstation market segments, while still running all the software that currently operates on 32-bit Intel processor-based machines. During the past two years, Intel has been working with industry leaders to create operating systems, applications software and systems that will capitalize on the new IA-64(TM) architecture.

In March 1998, the Company announced a new brand name, Celeron(TM), for a processor that will be designed for the basic PC market segment. The Intel Celeron processor will be based on the same Intel sixth-generation microarchitecture upon which the Pentium II processor is based and is intended to offer a cost-effective solution for PC manufacturers designing basic PC systems. The Celeron processor product is expected to be announced in April.

Chipsets.
- --------- The Company's core-logic chipsets support incremental performance, ease-of-use and new capabilities for systems based on the Intel Pentium, Pentium II and Pentium Pro microprocessors. Compatible with the Peripheral Components Interconnect (PCI) bus, and more recently the Accelerated Graphics Port (AGP), these chipsets perform essential logic functions surrounding the CPU and support and extend the graphic, video and other capabilities of many Intel processor-based systems. The Intel 430 PCIset family chipsets are found in many mobile and desktop Pentium processor systems. The Intel 430TX PCIset is designed to maximize performance of media-rich applications in PCs based on the Pentium processor with MMX technology.

In 1997, Intel introduced the Intel 440LX AGPset, a highly integrated chipset featuring AGP technology. Combined with the Pentium II processor, the 440LX AGPset provides the foundational hardware for a new class of PCs optimized for visual computing, facilitating computer manufacturers' development and production of computers delivering improved 3-D imaging performance.

Graphics Products.
- ------------------ In February 1998, Intel announced its new Intel740(TM) graphics accelerator chip, optimized for use with the Pentium II processor platform and Intel's AGPset chipsets. The Intel740 chip introduces a new 3-D architecture, HyperPipeline 3-D, which includes Parallel Data Processing, for superior 3-D acceleration; Precise-Pixel Interpolation, for realistic image quality; and Direct Memory Execution, enabling more memory bandwidth.

In January 1998, Intel acquired Chips and Technologies, Inc., a leading supplier of notebook graphics accelerator chips. The acquisition is aimed at advancing Intel's capabilities for graphics and visual computing in mobile personal computers.

Embedded Processors and Microcontrollers.
- -- Intel provides embedded products such as microprocessors, microcontrollers and memory components to a wide range of manufacturers. Embedded products are used in products such as industrial PCs, point-of-sales terminals, telecommunications equipment, automobile engine and braking systems, hard disk drives, laser printers, input/output control modules, home appliances, factory automation control products and medical instrumentation.

Intel's embedded products line consists of the 32-bit i960(R) processor family; the 16-bit 80C186 processor family; 16-bit MCS(R) 96 and 296 microcontrollers; and 8-bit microcontrollers, such as the MCS 51 and MCS 151/251 microcontroller families. In addition, embedded Intel Architecture products, including the Intel386(TM), Intel486 and Pentium processor families, and the Intel Embedded Processor Module, a board-level product, provide the power of Intel Architecture processors to embedded applications.

The Company introduced several embedded control products in 1997, including the i960 RD I/O processor, dedicated to high-performance input/output subsystems for network servers in enterprise applications such as electronic commerce, database inquiries and manipulation of video, audio and rich graphics. The i960 RD I/O processor doubles the performance of its predecessor and is used in both server motherboards and adapter cards to complement servers based on the Intel Architecture.

Also during 1997, Intel and industry leaders unveiled the first Intel-based servers with Intelligent Input/Output technology and Intel I/O processors. Intelligent Input/Output technology offloads I/O activity from the server's main microprocessor to an I/O processor such as the i960 processor, increasing overall server performance and scalability.

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 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 September 1997, the Company introduced the first flash memory products to store multiple bits of data in one memory cell, Intel StrataFlash(TM) memory, expanding memory density capacity for a variety of consumer and network applications. In November, the Company unveiled a new family of Miniature Cards based on the Intel StrataFlash memory, the Intel Series 200 Flash Memory Miniature Cards. Available in 4-, 8- and 16-Mbyte densities, the Series 200 Miniature Cards are designed to be used repeatedly without loss of image quality, making them one of the most cost-effective removable-media solutions for applications such as electronic film for today's digital cameras.

Network and Communications Products.
- ----------------------------------- These hardware and software products are sold to corporate network administrators, small businesses and individual PC users through reseller, retail and original equipment manufacturer channels. Intel's networking products are designed to help reduce the total cost of networked business computing by providing high-bandwidth communications to PC desktop and server systems, and making it easier for local area network (LAN) administrators to install and manage their systems. Intel's networking products consist of network management products, including the LANDesk(R) Network Management product family, and LAN hardware products, such as the EtherExpressT adapters and Express Switching Hubs and Stackable Hubs.

New or upgraded LANDesk Network Management products in 1997 included: LANDesk(R) Management Suite 6, providing an integrated set of services that allows IT managers to control and manage client PCs on both Windows* NT and NetWare networks from a single console; LANDesk(R) Virus Protect, offering centrally managed virus protection; and LANDesk Client Manager, which monitors PC health and provides self-help diagnostics.

Also in 1997, Intel introduced several new or upgraded LAN products: the Intel Express 510T Switch, making it more cost-effective and easier for businesses to deploy Fast Ethernet networks; the Express 8100 Router, providing a versatile Virtual Private Network for branch services with privacy protection features; the Intel Express 10/100 Stackable Hub, a stackable hub offering both 10 and 100 Mbps access at under $100 per port; the 82558, a single-chip Fast Ethernet solution for 10/100 networking; a family of adapters based on the 82558 chip; and a new adapter for mobile PCs that provides 10/100 Fast Ethernet access with a high-speed 56 kbps modem in a single PC card. The new switch and router products were made possible in part by Intel's acquisition of Case Technology, based in Copenhagen, Denmark, in February of 1997.

In January 1998, Intel announced its family of Intel InBusiness(TM) networking products designed for small businesses. The family of nine products offers a combination of hubs, switches and internet connectivity devices to help small businesses get connected easily and affordably.

Conferencing Products.
- ---------------------- The Intel ProShare(R) conferencing technology is used in a PC-based video-conferencing system that offers full application and document sharing. The technology supports video and data conferences over ISDN or corporate LAN networks. In 1997, the Company introduced Intel Business Video Conferencing 4.0 with ProShare Technology, the latest in the Company's desktop video conferencing line, and the Intel TeamStation(TM) system, a new group video conferencing system for meeting rooms. Also in 1997, the Company introduced the Intel Create & Share(TM) camera pack, a PC communications, photo and video editing package. The camera pack includes an Intel PC camera, hardware and an integrated suite of communications and image-editing software.

Digital Imaging Products.
- ------------------------- During 1997, Intel announced its 971 PC Camera Kit for manufacturers, which includes Intel PC camera silicon, software, schematics, design documentation and suggested manufacturing procedures. Manufacturers can use the 971 PC Camera Kit to bring affordable, easy-to-use, portable PC cameras to market quickly. Helping bring digital cameras to market is just one of many initiatives Intel is working on to help expand the PC's capabilities and put more power and performance in the hands of computer users.

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

Manufacturing

A substantial majority of the Company's wafer production, including microprocessor fabrication, and a significant portion of the assembly and final testing of the resulting components is conducted at domestic Intel facilities in Arizona, Oregon, California and New Mexico.

Outside the United States, a significant portion of Intel's wafer production is conducted at plants in Israel and Ireland. A majority of the Company's component assembly and testing (including Pentium processor and sixth-generation processor assembly and testing) is performed at facilities in Malaysia and the Philippines. The Company is also adding assembly and test facilities in other geographic areas (China and Costa Rica, for example) and expects these new locations to be operational in 1998.

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 material 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.

Intel produces microprocessor board-level products and systems at domestic facilities in Oregon, Washington and Puerto Rico, as well as outside the United States at its facility in Ireland. To augment capacity, Intel uses subcontractors to perform assembly of certain products and wafer fabrication for certain components, primarily flash memory and chipsets, and for production capacity of board-level products.

The manufacture of integrated circuits is a complex process. Normal manufacturing risks include errors and interruptions in the fabrication process and defects in raw materials, as well as other risks, all of which can affect yields. A substantial decrease in yields would result in higher manufacturing costs and the possibility of not being able to produce a sufficient volume of good units to meet demand.

Employees

At December 27, 1997, the Company employed approximately 63,700 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 within and outside of the United States. 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 1997. Sales to Compaq Computer Corporation represented 12% of total revenues. No other customer accounted for more than 10% of total revenues.

Reference is made to information on sales to unaffiliated customers, transfers between geographic regions, net revenues, operating income and identifiable assets attributable to the Company's geographic regions appearing under the heading "Industry Segment Reporting" on pages 17 and 18 of the Registrant's 1997 Annual Report to Stockholders, which information is hereby incorporated by reference.

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. Under these clauses, customers who do not purchase the full volume agreed to are liable for billback on previous shipments up to the price appropriate for the quantity actually purchased. 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 quality, performance, availability and price. 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, the development of new products to meet changing customer requirements and continuing cost reduction. Prices decline rapidly in the semiconductor industry as unit volume grows, as competition develops, and as production experience is accumulated. 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.

A number of competitors have developed and begun marketing software compatible products that are intended to compete with Intel's Pentium processor family and sixth-generation microprocessors, including the Pentium II processor. Once it is introduced, the Celeron processor will compete with existing and future products in the basic PC market segment. 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, increase performance or sell at lower prices. The Company also faces significant competition from companies that offer rival microprocessor architectures. The Company cannot predict whether such rival architectures will establish or increase 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.

Intel's strategy is to introduce ever higher performance microprocessors tailored for the different segments of the worldwide computing market. To implement this strategy, the Company plans to cultivate new businesses and continue to work with the software industry to develop compelling applications that can take advantage of this higher performance, thus driving demand toward the newer products in each computing market segment. In line with this strategy, the Company is seeking to develop higher performance microprocessors for each market segment, including servers, workstations, high-end business PCs, the basic PC and other product lines. 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 many 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 a new 64-bit microprocessor architecture and software optimizations with a third party. The new products based on the IA-64(TM) architecture are expected to be initially targeted at server, workstation and enterprise computing products. The first product, the Merced(TM) processor, is scheduled to ship in 1999, and the second IA-64 processor is slated for 2001. 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 $2,347 million, $1,808 million and $1,296 million in fiscal years 1997, 1996 and 1995, respectively. As of December 27, 1997, Intel had approximately 12,600 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 components and other products is performed at Intel's facilities in California, Oregon, Arizona and 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 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 and other parties.

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 obtain a software license contract before providing a customer with certain computer programs. Certain components have computer programs embedded in them, and Intel has obtained copyright protection for some of these programs as well. Intel has obtained protection for the maskworks for a number of its components under the Chip Protection Act of 1984.

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

As is the case with many companies in the semiconductor industry, Intel has, from time to time, been notified of claims that it may be infringing certain intellectual property 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. Reference is made to the information appearing under the heading "Legal Proceedings" in Part I, Item 3 of this document.

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 Part I, 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 27, 1997):

Craig R. Barrett (age 58) has been a director of Intel since 1992; Chief Operating Officer since 1993; and President since 1997. The Board of Directors has announced that it will elect Dr. Barrett Chief Executive Officer effective May 20, 1998. Prior to becoming President, Dr. Barrett was Executive Vice President from 1990 to 1997.

Andrew S. Grove (age 61) has been a director of Intel since 1974; Chief Executive Officer since 1987; and Chairman of the Board since 1997. The Board of Directors has announced that it will elect Craig Barrett as Chief Executive Officer effective May 20, 1998. Prior to becoming Chairman, Dr. Grove was President from 1979 to 1997.

Gordon E. Moore (age 68) has been a director of Intel since 1968 and Chairman Emeritus of the Board since 1997. Prior to that, Dr. Moore was Chairman of the Board from 1979 to 1997.

Leslie L. Vadasz (age 61) has been a director of Intel since 1988; and Senior Vice President, Director of Corporate Business Development since 1991.

Frank C. Gill (age 54) has been Executive Vice President and General Manager, Small Business and Networking Group since 1997. Prior to that, Mr. Gill was Executive Vice President and General Manager, Internet and Communications Group from 1996 to 1997; and Senior Vice President and General Manager, Intel Products Group from 1991 to 1996.

Paul S. Otellini (age 47) has been Executive Vice President and General Manager, Intel Architecture Business Group since January 1998. Prior to that, Mr. Otellini was Executive Vice President, Director, Sales and Marketing Group from 1996 to 1998; Senior Vice President, Director, Sales and Marketing Group from 1994 to 1996; and Senior Vice President and General Manager, Microprocessor Products Group from 1992 to 1994.

Gerhard H. Parker (age 54) has been Executive Vice President and General Manager, Technology and Manufacturing Group since 1996. Prior to that, Dr. Parker was Senior Vice President and General Manager, Technology and Manufacturing Group from 1992 to 1996.

Ronald J. Whittier (age 61) 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 1992 to 1995.

Albert Y. C. Yu (age 56) 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.

Michael A. Aymar (age 50) has been Vice President and General Manager, Consumer Products Group since 1997. Prior to that, Mr. Aymar was Vice President and General Manager, Desktop Products Group from 1995 to 1997; Vice President and General Manager, Intel486 Microprocessor Division from 1994 to 1995; and Vice President and General Manager, Mobile Computing Group from 1991 to 1994.

Andy D. Bryant (age 47) 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.

Executive Officers, continued

Dennis Carter (age 46) has been Vice President, Director, Sales and Marketing Group since 1996. Prior to that Mr. Carter was Vice President, Corporate Marketing Group from 1992 to 1996.

F. Thomas Dunlap, Jr. (age 46) has been Vice President, General Counsel and Secretary since 1987.

Patrick P. Gelsinger (age 36) has been Vice President and General Manager, Business Platform Group since 1997. Prior to that, Mr. Gelsinger was Vice President and General Manager, Desktop Products Group from 1996 to 1997; Vice President, Internet and Communications Group and General Manager ICG Product Development from 1995 to 1996; Vice President, Intel Products Group and General Manager, Personal Conferencing Division from 1993 to 1995; and Vice President, Intel Products Group and General Manager, PC Enhancement Division- Business Communications from 1992 to 1993.

Sean M. Maloney (age 41) has been Vice President, Director, Sales and Marketing Group since February 1998. Prior to that, Mr. Maloney was Vice President, Sales and General Manager, Asia-Pacific Operations from 1995 to 1998; and Technical Assistant to the Chief Executive Officer from 1992 to 1995.

John H. F. Miner (age 42) has been Vice President and General Manager, Enterprise Server Group since 1996. Prior to that, Mr. Miner was Vice President, Desktop Products Group and General Manager, OEM Products and Services Division from 1995 to 1996; General Manager, OEM Products and Services Division from 1993 to 1995; and General Manager, OEM Modules Operation from 1992 to 1993.

Stephen P. Nachtsheim (age 52) 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.

Ronald J. Smith (age 47) has been Vice President and General Manager, Computing Enhancement Group since 1996. Prior to that, Mr. Smith was Vice President, Desktop Products Group and General Manager, PCI Components Division from 1995 to 1996; and he served in the positions of General Manager, Programmable Logic Device Operation and before that, General Manager, Gate Array Operation for the period 1992 to 1995.

Arvind Sodhani (age 43) has been Vice President and Treasurer since 1988.

Michael J. Splinter (age 47) has been Vice President and Assistant General Manager, Technology and Manufacturing Group since 1996. Prior to that, Mr. Splinter was Vice President and General Manager, Components Manufacturing from 1992 to 1996.

ITEM 2. PROPERTIES

At December 27, 1997, Intel owned the major facilities described below:

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No. of Bldgs.	Location	Total Sq. Ft.	Use
65	United States	13,350,000	Executive and administrative offices, wafer fabrication, components assembly and testing, research and development, computer and service functions, board and system assembly, and warehousing.
9	Ireland	1,830,000	Wafer fabrication, board and system assembly and administrative offices.
9	Malaysia (A)	1,071,000	Components assembly and testing, board and system assembly, warehousing and administrative offices.
7	Israel (B)	814,000	Wafer fabrication, research and development and administrative offices.
1	Philippines	431,000	Components assembly and testing, warehousing and administrative offices.
5	Puerto Rico	426,000	Board and system assembly, warehousing and administrative offices.
1	England	184,000	Sales and marketing and administrative offices.
1	China	170,000	Components assembly and testing and administrative offices.
3	Japan	167,000	Sales and marketing and administrative offices.
1	Germany	86,000	Sales and marketing and administrative offices.

</TABLE>

At December 27, 1997, Intel also leased 31 major facilities in the U.S. totaling approximately 996,000 square feet and 26 facilities in other countries totaling approximately 1,211,000 square feet. These leases expire at varying dates through 2007 and include 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 also has 6.6 million square feet of building space under various stages of construction in the United States and abroad for manufacturing and administrative purposes.

(A) Leases on portions of the land used for these facilities expire in 2033 through 2057.

(B) Lease on a portion of the land used for these facilities expires in 2039.

ITEM 3. LEGAL PROCEEDINGS

A. Litigation

EMI Group, NA v. Intel
U.S. District Court, District of Del. (C95-199-RRM)

On March 29, 1995, EMI Group, NA ("EMI") brought suit in Federal District Court in Delaware against Intel, alleging that certain Intel manufacturing processes infringe a U.S. patent. In May 1996, the Court granted Intel's motion for summary judgment on some of the processes in issue. In November 1996, the Court granted Intel's motion for summary judgment on the remaining processes in issue and entered judgment in favor of Intel and against the plaintiff on the claims in EMI's complaint. A hearing on EMI's appeal of the grant of summary judgment was heard in August 1997. No decision has been issued. 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.

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

Digital Equipment Corporation ("Digital") brought suit in Federal District Court in Massachusetts in May 1997, alleging that Intel is infringing ten patents in making and selling microprocessor products. Digital sought an injunction and monetary damages. If granted, the injunction would prohibit Intel from using Digital's patented technology in its microprocessor products. The Company believes that its products do not infringe the Digital patents. The Company filed a counterclaim against Digital for infringement of nine microprocessor-related patents, and, in District Court in Oregon, the Company claimed that Digital infringes on six video and computer system patents. In October 1997, Intel and Digital announced that they have agreed to establish a broad-based business relationship. The agreement includes sale of Digital's semiconductor manufacturing operations to Intel, a 10-year patent cross-license, supply of both Intel and Alpha microprocessors by Intel to Digital and development by Digital of future systems based on Intel's 64-bit microprocessors. The two companies agreed to request a stay of all lawsuits until government review of the agreement is completed, following which the lawsuits would be dismissed with prejudice. 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.

Intergraph Corporation v. Intel
U.S. District Court, Northern District of Alabama, Northeastern Division
(CV-97-N-3023-NE)

In November 1997, Intergraph Corporation ("Intergraph") filed suit in Federal District Court in Alabama generally alleging that Intel attempted to coerce Intergraph into relinquishing certain patent rights relating to microprocessor and chipset interaction in multiprocessor workstations. The suit also alleges that Intel infringes three Intergraph patents and includes alleged violations of antitrust laws. The suit seeks injunctive relief along with unspecified damages. In November 1997, Intel filed suit against Intergraph in Federal District Court in California seeking a declaratory judgment that the Intergraph patents are invalid. Intel also filed an action in the same court alleging breach of contract and misappropriation of trade secrets based on Intergraph's refusal to return Intel confidential information as contractually required. 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.

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

Cyrix Corporation ("Cyrix") brought suit in Federal District Court in Texas in May 1997, alleging that Intel infringed two patents relating to microprocessors. Cyrix became a wholly owned subsidiary of National Semiconductor Corporation ("National") in November 1997. On February 3, 1998, Intel and National announced that they have settled the Cyrix lawsuit and extended the term of the existing patent cross-license agreement between the companies.

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

Michael W. Scriber, a former employee of the Company, filed an action in Federal District Court in Oregon in September 1996 alleging that Intel's products infringe a patent issued to the plaintiff and that Intel wrongfully terminated his employment. On January 21, 1998, the Court granted Intel's motions for summary judgment on all claims. The plaintiff has appealed this decision. 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 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.

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 25 of the Registrant's 1997 Annual Report to Stockholders which information is hereby incorporated by reference.

(b) As of February 28, 1998, there were approximately 179,000 registered holders of record of the Registrant's Common Stock.

(c) Unregistered sales of equity securities.

For the fiscal quarter ended December 27, 1997, the Company sold 19.8 million put warrants to banks and investment banks during October and November, and received proceeds of $98 million. The put warrants entitle the holder of each warrant to sell to the Company, by physical delivery, one share of Common Stock at a specified price. They expire on various dates between February and June 1998 and have exercise prices ranging from $68 to $78 per share, with an average exercise price of $74. All of these transactions were exempt from registration under Section 4(2) of the Securities Act of 1933, as amended. Each transaction was privately negotiated and each offeree and purchaser was an accredited investor/qualified institutional buyer. No public offering or public solicitation was used by the registrant in the placement of these securities.

ITEM 6. SELECTED FINANCIAL DATA

Reference is made to the information regarding selected financial data for the fiscal years 1993 through 1997, under the heading "Financial Summary" on page 20 of the Registrant's 1997 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 27, 1997 are as follows:

	Fiscal Year				
	1993	1994	1995	1996	1997
	54x	39x	68x	108x	206x

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 21 through 25 of the Registrant's 1997 Annual Report to Stockholders, which information is hereby incorporated by reference.

Intel's 1998 Step-Up Warrants expired on March 14, 1998. Between December 27, 1997 and March 14, 1998, 78 million Warrants were exercised at $20.875 per Warrant, and the Company received proceeds of approximately $1.6 billion.

Between December 27, 1997 and March 25, 1998, Intel repurchased 22 million shares of Common Stock under the Company's authorized stock repurchase program at a cost of $1.8 billion, including 1.7 million shares for $127 million upon the exercise of outstanding put warrants. During the same period, 9.8 million previously outstanding put warrants expired unexercised. As of March 25, 1998, the Company had the potential obligation to repurchase 14.8 million shares of Common Stock at an aggregate price of $1.2 billion under outstanding put warrants. These put warrants expire on various dates between May 1998 and August 1998 and have exercise prices ranging from $69 to $95 per share, with an average exercise price of $80. On March 25, 1998, the Company's Board of Directors approved an increase of up to 100 million additional shares in the Company's repurchase program. This increase brings the total authorization to 380 million shares. After allowing for shares to cover outstanding put warrants, 129.8 million shares remain available for repurchase under the repurchase authorization as of March 25, 1998.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to the information appearing under the subheading "Financial Market Risks" under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 23 of the Registrant's 1997 Annual Report to Stockholders, which information is hereby incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated financial statements of Intel Corporation at December 27, 1997 and December 28, 1996 and for each of the three years in the period ended December 27, 1997 and the Report of Independent Auditors thereon and Intel Corporation's unaudited quarterly financial data for the two-year period ended December 27, 1997 are incorporated by reference from the Registrant's 1997 Annual Report to Stockholders, on pages 4 through 20 and page 25.

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 5 of the Registrant's Proxy Statement related to the 1998 Annual Meeting of Stockholders (the "1998 Proxy Statement"), 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 7, 12 and 14 through 16, respectively, of the 1998 Proxy Statement, 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 1998 Proxy Statement, under the heading "Security Ownership of Certain Beneficial Owners and Management," on pages 17 and 18, which information is hereby incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Reference is made to information appearing in the 1998 Proxy Statement, under the heading "Certain Relationships and Related Transactions," on page 12, which information is hereby incorporated by reference.

PART IV

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

(a) 1. Financial Statements

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

2. Financial Statement Schedule

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

3. Exhibits

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

(b) Reports on Form 8-K

On October 15, 1997, Intel filed a report on Form 8-K relating to financial information for Intel Corporation for the quarter ended September 27, 1997 and forward-looking statements relating to the Fourth Quarter of 1997, as presented in a press release of October 14, 1997.

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

<TABLE>

	Reference Page	
<S>	<C>	<C>
	Form 10-K	1997 Annual Report to Stockholders
Consolidated Balance Sheets- December 27, 1997 and December 28, 1996		5
Consolidated Statements of Income for the years ended December 27, 1997, December 28, 1996 and December 30, 199		4
Consolidated Statements of Cash Flows		

</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 1997 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 1, 5, 6, 7, 7A and 8 of this Form 10-K, the 1997 Annual Report to Stockholders is not to be deemed filed as part of this report.

INTEL CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

December 30, 1995, December 28, 1996 and December 27, 1997
(In Millions)

<TABLE>

<S>	Balance at Beginning of Year <C>	Additions Charged to Costs and Expenses <C>	Deductions (A) <C>	Balance at End of Year <C>
1995				
Allowance for Doubtful Receivables	$32	$28	$ 3	$57
1996				
Allowance for Doubtful Receivables	$57	$25	$14	$68
1997				
Allowance for Doubtful Receivables	$68	$ 2	$ 5	$65

</TABLE>

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

INDEX TO EXHIBITS

(Item 14(a))
Description

3.1 Intel Corporation Restated Certificate of Incorporation dated May 11, 1993 and Certificate of Amendment to the Restated Certificate of Incorporation dated June 2, 1997.

3.2 Intel Corporation Bylaws as amended (incorporated by reference to Exhibit 4.2 of Registrant's Registration Statement on Form S-8 as filed on February 3, 1997).

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, 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), the Third Amendment to Warrant Agreement dated as of May 1, 1995 (incorporated by reference to Exhibit 4.2 of the Registrant's Form 10-K as filed on March 29, 1996) and the Fourth Amendment to Warrant Agreement dated as of May 21, 1997 (incorporated by reference to Exhibit 4.2 of the Registrant's Form 10-Q as filed on August 11, 1997).

10.1* Intel Corporation 1984 Stock Option Plan as amended and restated, effective March 26, 1997 (incorporated by reference to Exhibit 10.1 of Registrant's Form 10-K as filed on March 28, 1997).

10.2* Intel Corporation 1988 Executive Long Term Stock Option Plan as amended and restated, effective March 26, 1997 (incorporated by reference to Exhibit 10.2 of Registrant's Form 10-K as filed on March 28, 1997).

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 July 15, 1996 (incorporated by reference to Exhibit 4.1.1 of Registrant's Registration Statement on Form S-8 as filed on July 17, 1996).

10.5* Intel Corporation Special Deferred Compensation Plan (incorporated by reference to Exhibit 4.1 of Registrant's Registration Statement on Form S-8 as filed on February 2, 1998).

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 27, 1997 expressly incorporated by reference herein.

21. Intel Subsidiaries.

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

27. Financial Data Schedules.

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

SIGNATURES

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

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

By /s/ F. Thomas Dunlap, Jr.

F. Thomas Dunlap, Jr.
Vice President and Secretary
March 25, 1998

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	/s/ Gordon E. Moore
Craig R. Barrett President, Chief Operating Officer and Director March 25, 1998	Gordon E. Moore Chairman Emeritus and Director March 25, 1998
/s/ John Browne	/s/ Arthur Rock
John Browne Director	Arthur Rock Director

March 24, 1998

/s/ Andy D. Bryant
- ------------------
Andy D. Bryant
Vice President, Chief Financial Officer, and Principal Accounting Officer
March 25, 1998

/s/ Winston H. Chen
- -------------------
Winston H. Chen
Director
March 25, 1998

/s/ Andrew S. Grove
- -------------------
Andrew S. Grove
Chairman of the Board and Director, Principal Executive Officer
March 25, 1998

/s/ D. James Guzy
- -----------------
D. James Guzy
Director
March 25, 1998

March 25, 1998

/s/ Jane E. Shaw

Jane E. Shaw
Director
March 25, 1998

/s/Leslie L. Vadasz

Leslie L. Vadasz
Director
March 25, 1998

/s/ David B. Yoffie

David B. Yoffie
Director
March 25, 1998

/s/ Charles E. Young

Charles E. Young
Director
March 24, 1998

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION
OF
INTEL CORPORATION

INTEL CORPORATION, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

FIRST: The name of this corporation is Intel Corporation.

SECOND: The original Certificate of Incorporation of the corporation was filed with the Secretary of State of Delaware on May 1, 1989, and the original name of the corporation was Intel Delaware Corporation.

THIRD: Pursuant to Section 245 of the General Corporation Law of the State of Delaware, the provisions of the Certificate of Incorporation as heretofore amended and supplemented are hereby restated and integrated into the single instrument which is hereinafter set forth, and which is entitled "Restated Certificate of Incorporation of Intel Corporation," without further amendment and without any discrepancy between the provisions of the Certificate of Incorporation as heretofore amended and supplemented and the provisions of such single instrument as hereinafter set forth.

FOURTH: The Board of Directors of the corporation has duly adopted this Restated Certificate of Incorporation pursuant to the provisions of Section 245 of the General Corporation Law of the State of Delaware in the form set forth as follows:

RESTATED CERTIFICATE OF INCORPORATION

OF

INTEL CORPORATION

1. The name of the Corporation is Intel Corporation.

2. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, 19801, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business of the Corporation and the objects or purposes to be transacted, promoted or carried on by it are as follows: To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

4. The total number of shares of all classes of stock that the Corporation is authorized to issue is one billion four hundred fifty million (1,450,000,000) shares, consisting of one billion four hundred million (1,400,000,000) shares of Common Stock with a par value of one-tenth of one cent ($.001) per share and fifty million (50,000,000) shares of Preferred Stock with a par value of one-tenth of one cent ($.001) per share. The Preferred Stock may be issued in one or more series, and the Board of Directors of the Corporation is expressly authorized (i) to fix the descriptions, powers, preferences, rights, qualifications, limitations, and restrictions with respect to any series of Preferred Stock and (ii) to specify the number of shares of any series of Preferred Stock.

5. The Board of Directors is expressly authorized to make, alter, or repeal the bylaws of the Corporation.

6. Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

7. Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors,

and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

8. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

9. To the fullest extent permitted by Delaware statutory or decisional law, as amended or interpreted, no director of this Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. This Article 9 does not affect the availability of equitable remedies for breach of fiduciary duties. Any repeal or modification of the provisions of this Article 9 by the stockholders of the Corporation shall not adversely affect any right or protection of any director existing at the time of such repeal or modification.

10. The vote of the stockholders of the Corporation which shall be required to approve any Business Combination (as hereinafter defined) shall be as set forth in this Article 10.

(1) In addition to any affirmative vote required by law, any other provision of this Certificate of Incorporation or otherwise, and except as otherwise expressly provided in paragraph (2) or (6) of this Article 10, none of the following transactions shall be consummated unless and until such transaction shall have been approved by the affirmative vote of the holders of at least 66 2/3 percent of the combined voting power of the outstanding shares of stock of all classes and series of the Corporation entitled to vote generally in the election of directors ("Capital Stock"):

(A) any merger or consolidation of the Corporation or any material Subsidiary (as hereinafter defined) with or into (i) any corporation which is an Interested Stockholder (as hereinafter defined) or (ii) any other corporation which is or after such merger or consolidation would be an Interested Stockholder; or

(B) any sale, License (as hereinafter defined), lease, exchange, mortgage, pledge, transfer or other disposition (whether in one transaction or a series of transactions) to or with any Interested Stockholder of any material asset or assets of the Corporation; or

(C) the issuance or transfer by the Corporation or any Subsidiary (whether in one transaction or a series of transactions) to an Interested Stockholder of any securities of the Corporation or any Subsidiary in exchange for cash, securities, or other property (or a combination thereof) having an aggregate Fair Market Value (as hereinafter defined) of $20 million or more; or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation or any material Subsidiary; or

(E) any reclassification of any securities of the Corporation (including any reverse stock split), any recapitalization of the Corporation, any merger or consolidation of the Corporation with or into any of its Subsidiaries, or any other transaction (whether or not with or involving any Interested Stockholder), which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of stock or series thereof of the Corporation or of any Subsidiary directly orindirectly Beneficially Owned (as hereinafter defined) by any Interested Stockholder or as a result of which the stockholders of the Corporation would cease to be stockholders of a corporation having, as part of its articles or certificate of incorporation, provisions to the same effect as this Article 10 and the provisions of Article 12 hereof relating to amendments or changes to this Article 10.

The term "Business Combination" as used in this Article 10 shall mean any transaction or proposed transaction which is referred to in any one or more of the subparagraphs (A) through (E) of this paragraph (1) of this Article 10.

(2) The provisions of paragraph (1) of this Article 10 shall not be applicable to any particular Business Combination, and such Business Combination shall require only such vote, if any, as is required by law and any other Article hereof or any agreement between the Corporation and any national securities exchange or otherwise, if all of the conditions specified in either of the following paragraphs (A) or (B) are satisfied:

(A) such Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined) or, in the case of a License, approved by a majority of the Disinterested Directors or a committee of Disinterested Directors designated by the Board of Directors; or

(B) if all the conditions specified in each of the following subparagraphs (i), (ii), (iii), (iv) and (v) are satisfied:

(i) the aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of any consideration other than cash to be received per share by holders of Capital Stock in such Business Combination, shall be at least equal to the higher of the following:

(a) if applicable, the highest per share price (including any brokerage commissions, transfer taxes, soliciting dealers' fees and other expenses) paid by the Interested Stockholder involved in such Business Combination for any shares of Capital Stock acquired by it during the five-year period immediately prior to the consummation date of such Business Combination; and

(b) the Fair Market Value per share of Capital Stock on the Determination Date (as hereinafter defined) in respect of such Interested Stockholder, the Announcement Date (as hereinafter defined) or the consummation date of such Business Combination, whichever is highest; provided, however, that the prices referred to in the foregoing clauses (a) and (b) of this subparagraph (i) shall be adjusted to reflect fairly any stock dividend, stock split, reverse stock split, combination of shares, recapitalization, reorganization or similar event affecting the number of shares of Capital Stock outstanding and the market price per share of outstanding shares of Capital Stock which has occurred after the date as of which such price is determined; and

(ii) unless otherwise specifically required by law, the holders of shares of Capital Stock shall have the right, at their option, to receive payment in cash as the consideration for their shares in the Business Combination, if cash was previously paid by the Interested Stockholder involved in such Business Combination in order to acquire any shares of Capital Stock or any interest in shares of Capital Stock within the two-year period immediately prior to the Announcement Date; and

(iii) after the Determination Date in respect of the Interested Stockholder involved in such Business Combination and prior to the consummation of such Business Combination:

(a) if regular dividends have been paid by the Corporation, except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date thereof any dividend (whether or not cumulative);

(b) there shall have been no reduction in the annual rate of dividends, if any, paid on the Capital Stock (except as necessary to reflect any subdivision of the Capital Stock), except as approved by a majority of the Disinterested Directors;

(c) there shall have been an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split or combination of shares), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Capital Stock, unless the failure to increase such annual rate is approved by a majority of the Disinterested Directors; and

(d) such Interested Stockholder shall not have become the beneficial owner of any additional shares of the Capital Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder; and

(iv) after the Determination Date in respect of the Interested Stockholder involved in such Business Combination, such Interested Stockholder shall not have received the benefit, directly or indirectly (except as a shareholder of the Corporation, in proportion to its shareholding), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Business Combination or otherwise; and

(v) a proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing or revising such Act, rules or regulations) shall, at the Corporation's expense, be mailed to stockholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act, rules or regulations or subsequent provisions), and the Disinterested Directors, if

there are any at the time, shall have been provided a reasonable opportunity to state their views therein with respect to such proposed Business Combination and to include therewith an opinion of an independent investment banking or appraisal firm selected by the Disinterested Directors with respect to such Business Combination.

(3) For purposes of this Article 10;

(A) An "Affiliate" of a person shall mean any person who, directly or indirectly, controls, is controlled by or is under common control with such person.

(B) "Announcement Date" with respect to any Business Combination means the date on which the proposal of such Business Combination is publicly announced.

(C) An "Associate" shall mean

(i) with respect to a corporation or association, any officer or director thereof or of a subsidiary thereof,

(ii) with respect to a partnership, any general partner thereof or any limited partner thereof having a ten percent ownership interest in such partnership,

(iii) with respect to any other trust or an estate, any officer or trustee thereof or of any subsidiary thereof,

(iv) with respect to any other trust or an estate, any trustee, executor or similar fiduciary and any person who has a substantial interest as a beneficiary of such trust or estate,

(v) with respect to a natural person, the spouses and children thereof and any other relative thereof or of the spouse thereof who has the same home, and

(vi) any Affiliate of any such person.

(D) A person shall be a "Beneficial Owner" of, or have "Beneficial Ownership" of or "Beneficially Own," any Capital Stock over which such person or any of its Affiliates or Associates, directly or indirectly, through any contract, arrangement, understanding or relationship, has or shares or, upon the exercise of any conversion right, exchange right, warrant, option or similar interest (whether or not then exercisable), would have or share either (i) voting power (including the power to vote or to direct the voting) of such security or (ii) investment power (including the power to dispose or direct the disposition) of such security. For the purposes of determining whether a person is an Interested Stockholder, the number of shares of Capital Stock deemed to be outstanding shall include any shares Beneficially Owned by such Person even though not actually outstanding, but shall not include any other shares of Capital Stock which are not outstanding but which may be issuable to other persons pursuant to any agreement, arrangement or understanding, or upon exercise of any conversion right, exchange right, warrant, option or similar interest.

(E) "Consolidated Transaction Reporting System" shall mean the system of reporting securities information operated under the authority of Rule 11Aa3-1 under the Securities Exchange Act of 1934, as such rule may from time to time be amended, and any successor rule or rules.

(F) "Determination Date" in respect of an Interested Stockholder shall mean the date on which such Interested Stockholder first became an Interested Stockholder.

(G) "Disinterested Director" shall mean any member of the Board of Directors of the Corporation who is not an Affiliate or Associate of, and was not directly or indirectly a nominee of, any Interested Stockholder involved in such Business Combination or any Affiliate or Associate of such Interested Stockholder and who (i) was a member of the Board of Directors of Intel Corporation, a California corporation, on April 16, 1986; (ii) was a member of the Board of Directors of the Corporation prior to the time that such Interested Stockholder became an Interested Stockholder or (iii) is a successor of a Disinterested Director and was nominated to succeed a Disinterested Director by a majority of the Disinterested Directors on the Board of Directors at the time of his nomination. Any reference to "Disinterested Directors" shall refer to a single Disinterested Director if there be but one. Any reference to an approval, designation or determination by a majority of the Disinterested Directors shall mean such approval, designation or determination by a committee of the Board of Directors comprised of all Disinterested Directors and exercising its authority as a committee of the Board to the extent permissible by law.

(H) "Fair Market Value" as of any particular date shall mean (i) in the case of stock, the average of the closing sale price during the 90 trading days immediately preceding the date in question of a share of such stock on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the average of the last sale prices at 4:00 p.m. New York time during the 90 trading days immediately preceding the date in question reported in the Consolidated Transaction Reporting System (as heretofore defined) or, if such stock is not so reported, the average of the highest reported bid and the lowest reported asked quotations for a share of such stock furnished by the National Association of Securities Dealers Automated Quotation System or any successor quotation reporting system or, if quotations are not available in such system, as furnished by the National Quotation Bureau Incorporated or, if quotations are not available in such system, any similar organization furnishing quotations and, if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Disinterested Directors in good faith and (ii) in the case of property other than cash or stock, the fair market value of such stock or property, as the case may be, on the date in question as determined by a reputable investment banking or appraisal firm in good faith (such firm to be engaged solely on behalf of the stockholders other than the Interested Stockholder, to be paid a reasonable fee for their services by the Corporation upon receipt of such opinion and which fee shall not be contingent on the consummation of the action or transaction, to be a firm which has not previously been associated with or rendered substantial services to or acted as manager of an underwriting or as agent for the Interested Stockholder or any other person whose stock in the Corporation or any Subsidiary the Interested Stockholder beneficially owns or controls, and to be selected by a majority of the Disinterested Directors) and which value has been approved by a majority of the Disinterested Directors in good faith.

(I) "Interested Stockholder" shall mean any person, other than the Corporation, any Subsidiary or any employee benefit plan of the Corporation or any Subsidiary, who or which (i) is the Beneficial Owner, directly or indirectly, of shares of Capital Stock which are entitled to cast five percent or more of the total votes which all of the then outstanding shares of Capital Stock are entitled to cast in the election of directors or is an Affiliate or Associate of any such person or (ii) acts with any other person as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding or disposing of securities of the Corporation, and such group is the Beneficial Owner, directly or indirectly, of shares of Capital Stock which are entitled to cast five percent or more of the total votes which all of the then outstanding shares of Capital Stock are entitled to cast in the election of directors, and any reference to a particular Interested Stockholder involved in a Business Combination shall also refer to any Affiliate or Associate thereof, any predecessor thereto and any other person acting as a member of a partnership, limited partnership, syndicate or group

with such particular Interested Stockholder within the meaning of the foregoing clause (ii) of this subparagraph (I).

(J) "License" shall mean a material license which is not granted in standard commercial transactions and is not generally available to commercial customers of the Corporation.

(K) A "person" shall mean any individual, firm, corporation (which shall include a business trust), partnership, joint venture, trust or estate, association or other entity.

(L) "Subsidiary" shall mean any corporation or partnership of which a majority of any class of its equity securities is owned, directly or indirectly, by the Corporation.

(4) A majority of the Disinterested Directors shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article 10, including, without limitation (i) whether a person is an Interested Stockholder, (ii) the number of shares of Capital Stock Beneficially Owned by any person, (iii) whether a person is an Affiliate or Associate of another person, (iv) whether the requirements of paragraph (2) of this Article 10 have been met with respect to any Business Combination, and (v) whether two or more transactions constitute a "series of transactions" for purposes of paragraph (1) of this Article 10. The good faith determination of a majority of the Disinterested Directors on such matters shall be conclusive and binding for all purposes of this Article 10.

(5) Nothing contained in this Article 10 shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

(6) The provisions of paragraph (1) of this Article 10 shall not be applicable to any particular Business Combination, and such Business Combination shall require only such vote of stockholders, if any, as is required by law and any other Article hereof or any agreement between the Corporation and any national securities exchange or otherwise, if on the date of determining the stockholders entitled to vote on such Business Combination, the laws of the State of Delaware do not permit the corporation to require the affirmative vote of the holders of at least 66 2/3 percent of the combined voting power of the outstanding shares of Capital Stock to approve such Business Combination.

11. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by the stockholders.

12. In addition to any requirements of law and any other provisions hereof (and notwithstanding the fact that approval by a lesser vote may be permitted by law or any other provision hereof), the affirmative vote of the holders of at least 66_ percent of the voting power of the then outstanding shares of stock of all classes and all series of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend, alter, repeal, or adopt any provision inconsistent with, this Article 12 or Articles 10 or 11 hereof.

IN WITNESS WHEREOF, Intel Corporation has caused this certificate to be signed by its Vice President, General Counsel and Secretary and attested by its Assistant Secretary this 7th day of May, 1993.

By: /s/F. Thomas Dunlap, Jr.

Vice President, General Counsel and Secretary

Attest: /s/Theodore W. Vian

Assistant Secretary

CERTIFICATE OF AMENDMENT

TO THE RESTATED CERTIFICATE OF INCORPORATION

OF

INTEL CORPORATION

Intel Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation, at a meeting duly held in January, 1997, adopted a resolution proposing and declaring advisable the amendment to the Restated Certificate of Incorporation of the Corporation and directed that said amendment be submitted for the consideration of the Corporation's stockholders at the next annual meeting thereof. The proposed amendment is as follows:

The first sentence of paragraph 4 of the Restated Certificate of Incorporation of the Company is hereby deleted and the following is substituted in lieu thereof:

The total number of shares of all classes of stock that the Corporation is authorized to issue is four billion five hundred fifty million (4,550,000,000), consisting of four billion five hundred million (4,500,000,000) shares of Common Stock with a par value of one tenth of one cent ($.001) per share and fifty million (50,000,000) shares of Preferred Stock with a par value of one tenth of one cent ($.001) per share.

Accordingly, the first sentence of paragraph 4 of the Restated Certificate of Incorporation of the Company shall read in its entirety as follows:

4. The total number of shares of all classes of stock that the Corporation is authorized to issue is four billion five hundred fifty million (4,550,000,000), consisting of four billion five hundred million (4,500,000,000) shares of Common Stock with a par value of one tenth of one cent ($.001) per share and fifty million (50,000,000) shares of Preferred Stock with a par value of one tenth of one cent ($.001) per share. The Preferred Stock may be issued in one or more series, and the Board of Directors of the Corporation is expressly authorized (i) to fix the descriptions, powers, preferences, rights, qualifications, limitations, and restrictions with respect to any series of Preferred Stock and (ii) to specify the number of shares of any series of Preferred Stock.

SECOND: That thereafter, at the annual meeting of stockholders of the Corporation duly held on May 21, 1997, upon notice and in accordance with

Section 222 of the General Corporation Law of the State of Delaware, the necessary number of shares as required were voted in favor of the amendment.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation

Law of the State of Delaware.

FOURTH: That this Certificate of Amendment of the Certificate of Incorporation shall be effective on the date of filing with the Secretary of the State of Delaware.

IN WITNESS WHEREOF, said Intel Corporation has caused this Certificate to be signed by F. Thomas Dunlap, Jr., its Vice President , General Counsel and Secretary, and attested by Cary I. Klafter, the Assistant Secretary, this 30th day of May, 1997.

INTEL CORPORATION

By: /s/F. Thomas Dunlap, Jr.

F. Thomas Dunlap, Jr.
Vice President, General
Counsel and Secretary

Attest: /s/Cary I. Klafter

Cary I. Klafter

EXHIBIT 12.1

INTEL CORPORATION

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

(In millions, except ratios)

<TABLE>

	Years Ended				
	Dec. 25, 1993	Dec. 31, 1994	Dec. 30, 1995	Dec. 28, 1996	Dec. 27, 1997
<S>	<C>	<C>	<C>	<C>	<C>
Income before taxes	$3,530	$3,603	$5,638	$7,934	$10,659
Add - Fixed charges net of capitalized interest	58	66	38	41	43
Income before taxes and fixed charges (net of capitalized interest)	$3,588	$3,669	$5,676	$7,975	$10,702
Fixed charges:					
Interest*	$ 50	$ 57	$ 29	$ 25	$ 27
Capitalized interest	8	27	46	33	9
Estimated interest component of rental expense	8	9	9	16	16
Total	$ 66	$ 93	$ 84	$ 74	$ 52
Ratio of earnings before taxes and fixed charges, to fixed charges	54x	39x	68x	108x	206x

</TABLE>

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

EXHIBIT 13

Intel Corporation 1997

<TABLE>

Consolidated statements of income

Three years ended December 27, 1997 (In millions-except per share amounts)	1997	1996	1995
Net revenues	$ 25,070	$ 20,847	$ 16,202
Cost of sales	9,945	9,164	7,811
Research and development	2,347	1,808	1,296
Marketing, general and administrative	2,891	2,322	1,843
Operating costs and expenses	15,183	13,294	10,950
Operating income	9,887	7,553	5,252
Interest expense	(27)	(25)	(29)
Interest income and other, net	799	406	415
Income before taxes	10,659	7,934	5,638
Provision for taxes	3,714	2,777	2,072
Net income	$ 6,945	$ 5,157	$ 3,566
Basic earnings per common share	$ 4.25	$ 3.13	$ 2.16
Diluted earnings per common share	$ 3.87	$ 2.90	$ 2.02
Weighted average common shares outstanding	1,635	1,645	1,650
Dilutive effect of:			
Employee stock options	102	94	96
1998 Step-Up Warrants	58	37	22
Weighted average common shares outstanding, assuming dilution	1,795	1,776	1,768

</TABLE>

See accompanying notes.

Intel Corporation 1997

<TABLE>

Consolidated balance sheets

December 27, 1997 and December 28, 1996 (In millions-except per share amounts)	1997	1996
Assets		
Current assets:		
Cash and cash equivalents	$ 4,102	$ 4,165
Short-term investments	5,630	3,742
Trading assets	195	87
Accounts receivable, net of allowance for doubtful accounts of $65 ($68 in 1996)	3,438	3,723
Inventories	1,697	1,293
Deferred tax assets	676	570
Other current assets	129	104
Total current assets	15,867	13,684
Property, plant and equipment:		
Land and buildings	5,113	4,372
Machinery and equipment	10,577	8,729
Construction in progress	2,437	1,161

	18,127	14,262
Less accumulated depreciation	7,461	5,775
Property, plant and equipment, net	10,666	8,487
Long-term investments	1,839	1,353
Other assets	508	211
Total assets	$28,880	$23,735
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$ 212	$ 389
Long-term debt redeemable within one year	110	--
Accounts payable	1,407	969
Accrued compensation and benefits	1,268	1,128
Deferred income on shipments to distributors	516	474
Accrued advertising	500	410
Other accrued liabilities	842	507
Income taxes payable	1,165	986
Total current liabilities	6,020	4,863
Long-term debt	448	728
Deferred tax liabilities	1,076	997
Put warrants	2,041	275
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, $.001 par value, 50 shares authorized; none issued	--	--
Common Stock, $.001 par value, 4,500 shares authorized; 1,628 issued and outstanding (1,642 in 1996) and capital in excess of par value	3,311	2,897
Retained earnings	15,984	13,975
Total stockholders' equity	19,295	16,872
Total liabilities and stockholders' equity	$28,880	$23,735

</TABLE>

See accompanying notes.

Intel Corporation 1997

<TABLE>

Consolidated statements of cash flows

Three years ended December 27, 1997 (In millions)	1997	1996	1995
<S>	<C>	<C>	<C>
Cash and cash equivalents, beginning of year	$ 4,165	$ 1,463	$ 1,180
Cash flows provided by (used for) operating activities:			
Net income	6,945	5,157	3,566
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation	2,192	1,888	1,371
Net loss on retirements of property, plant and equipment	130	120	75
Amortization of debt discount	--	--	8
Deferred taxes	6	179	346
Changes in assets and liabilities:			
Accounts receivable	285	(607)	(1,138)
Inventories	(404)	711	(835)
Accounts payable	438	105	289
Accrued compensation and benefits	140	370	170
Income taxes payable	179	185	372
Tax benefit from employee stock plans	224	196	116

Other assets and liabilities	(127)	439	(324)
Total adjustments	3,063	3,586	450
Net cash provided by operating activities	10,008	8,743	4,016
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(4,501)	(3,024)	(3,550)
Purchases of available-for-sale investments	(9,224)	(4,683)	(685)
Sales of available-for-sale investments	153	225	114
Maturities and other changes in available-for-sale investments	6,713	2,214	1,444
Net cash (used for) investing activities	(6,859)	(5,268)	(2,677)
Cash flows provided by (used for) financing activities:			
(Decrease) increase in short-term debt, net	(177)	43	(179)
Additions to long-term debt	172	317	--
Retirement of long-term debt	(300)	--	(4)
Proceeds from sales of shares through employee stock plans and other	357	261	192
Proceeds from sales of put warrants	288	56	85
Repurchase and retirement of Common Stock	(3,372)	(1,302)	(1,034)
Payment of dividends to stockholders	(180)	(148)	(116)
Net cash (used for) financing activities	(3,212)	(773)	(1,056)
Net (decrease) increase in cash and cash equivalents	(63)	2,702	283
Cash and cash equivalents, end of year	$ 4,102	$ 4,165	$ 1,463
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 37	$ 51	$ 182
Income taxes	$ 3,305	$ 2,217	$ 1,209

Cash paid for interest in 1995 includes approximately $108 million of accumulated interest on Zero Coupon Notes that matured in 1995.

Certain 1996 and 1995 amounts have been reclassified to conform to the 1997 presentation.

</TABLE>

See accompanying notes.

Intel Corporation 1997

<TABLE>

Consolidated statements of stockholders' equity

Three years ended December 27, 1997 (In millions)	Common Stock and capital in excess of par value: Number of shares	Amount	Retained earnings	Total
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 1994	1,654	$ 2,306	$ 6,961	$ 9,267
Proceeds from sales of shares through employee stock plans,				

tax benefit of $116 and other	27	310	--	310
Proceeds from sales of put warrants	--	85	--	85
Reclassification of put warrant obligation, net	--	61	(42)	19
Repurchase and retirement of Common Stock	(38)	(179)	(855)	(1,034)
Cash dividends declared ($.075 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	1,643	2,583	9,557	12,140
Proceeds from sales of shares through employee stock plans, tax benefit of $196 and other	33	457	--	457
Proceeds from sales of put warrants	--	56	--	56
Reclassification of put warrant obligation, net	--	70	272	342
Repurchase and retirement of Common Stock	(34)	(269)	(925)	(1,194)
Cash dividends declared ($.095 per share)	--	--	(156)	(156)
Unrealized gain on available-for-sale investments, net	--	--	70	70
Net income	--	--	5,157	5,157
	--------	--------	--------	--------
Balance at December 28, 1996	1,642	2,897	13,975	16,872
Proceeds from sales of shares through employee stock plans, tax benefit of $224 and other	30	581	(1)	580
Proceeds from sales of put warrants	--	288	--	288
Reclassification of put warrant obligation, net	--	(144)	(1,622)	(1,766)
Repurchase and retirement of Common Stock	(44)	(311)	(3,061)	(3,372)
Cash dividends declared ($.115 per share)	--	--	(188)	(188)
Unrealized loss on available-for-sale investments, net	--	--	(64)	(64)
Net income	--	--	6,945	6,945
	--------	--------	--------	--------
Balance at December 27, 1997	1,628	$ 3,311	$ 15,984	$ 19,295
	========	========	========	========

</TABLE>

See accompanying notes.

Intel Corporation 1997

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 1997, 1996 and 1995, each 52-week years, ended on December 27, 28 and 30, respectively. Periodically, there will be a 53-week year. 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." 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. For equity investments entered into for the promotion of business and strategic objectives, an insignificant portion of the investment portfolio, the Company typically does not attempt to reduce or eliminate the inherent market risks. A substantial majority 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.

Trading assets. During 1996, the Company began purchasing securities classified as trading assets. Net gains on the trading asset portfolio were $37 million and $12 million in 1997 and 1996, respectively. The Company maintains its trading asset portfolio to generate returns that offset changes in certain liabilities related to deferred compensation arrangements. The trading assets consist of marketable equity securities and are stated at fair value. Both realized and unrealized gains and losses are included in other income or expense and generally offset the change in the deferred compensation liability, which is also included in other income or expense.

Fair values of financial instruments. Fair values of cash and cash equivalents approximate cost due to the short period of time to maturity. Fair values of long-term investments, long-term debt, short-term investments, short-term debt, long-term debt redeemable within one year, trading assets, non-marketable instruments, swaps, currency forward contracts, currency options and options hedging marketable instruments are based on quoted market prices or pricing models using current market rates. No consideration is given to liquidity issues in valuing debt.

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

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>

(In millions)	1997	1996
<S>	<C>	<C>
Raw materials	$ 255	$ 280
Work in process	928	672

Finished goods	514	341
Total	$1,697	$1,293

</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, 4-40 years.

The Company evaluates property, plant and equipment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

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 $1,203 million, $974 million and $654 million in 1997, 1996 and 1995, 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 $9 million, $33 million and $46 million for 1997, 1996 and 1995, respectively.

Earnings per share. The consolidated financial statements are presented in accordance with SFAS No. 128, "Earnings per Share." Basic earnings per common share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per common share incorporate the incremental shares issuable upon the assumed exercise of stock options and warrants. Diluted earnings per common share do not differ from the Company's previously reported earnings per common and common equivalent share.

Stock distribution. On July 13, 1997, the Company effected a two-for-one stock split in the form of a special stock distribution to stockholders of record as of June 10, 1997. All share, per share, Common Stock, stock option and warrant amounts herein have been restated to reflect the effect of this split.

Recent accounting pronouncements. The Company intends to adopt SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in fiscal 1998. Both will require additional disclosure but will not have a material effect on the Company's financial position or results of operations. SFAS No. 130 will first be reflected in the Company's first quarter of 1998 interim financial statements. Components of comprehensive income for the Company include items such as net income and changes in the value of available-for-sale securities. SFAS No. 131 requires segments to be determined based on how management measures performance and makes decisions about allocating resources. SFAS No. 131 will first be reflected in the Company's 1998 Annual Report.

Common Stock

1998 Step-Up Warrants. In 1993, the Company issued 80 million 1998 Step-Up Warrants to purchase 80 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 $17.875 per share of Common Stock, subject to annual increases to a maximum price of $20.875 per share effective in March 1997. As of December 27, 1997, approximately 78 million Warrants were exercisable at a price of $20.875 per Warrant. These Warrants expire on March 14, 1998.

Stock repurchase program. The Company has an ongoing authorization, as amended, from the Board of Directors to repurchase up to 280 million shares of Intel's Common Stock and Step-Up Warrants in open market or negotiated transactions. During 1997, the Company repurchased 43.6 million shares of Common Stock at a cost of $3.4 billion. As of December 27, 1997, the Company had repurchased and retired approximately 213.4 million shares at a cost of $6.9 billion since the program began in 1990. As of December 27, 1997, after reserving 26.3 million shares to cover outstanding put warrants, 40.3 million shares remained available under the repurchase authorization.

Put warrants

In a series of private placements from 1991 through 1997, the Company sold put warrants that entitle the holder of each warrant to sell to the Company, by physical delivery, one share of Common Stock at a specified price. On certain of these warrants, the Company simultaneously entered into additional contractual arrangements which cause the warrants to terminate if the Company's stock price reaches specified levels. Activity during the past three years is summarized as follows:

<TABLE>

(In millions)	Cumulative net premium received	Put warrants outstanding: Number of warrants	Put warrants outstanding: Potential obligation
<S>	<C>	<C>	<C>
December 31, 1994	$ 194	50.0	$ 744
Sales	85	35.0	925
Repurchases	--	(11.0)	(201)
Expirations	--	(50.0)	(743)
December 30, 1995	279	24.0	725
Sales	56	18.0	603
Exercises	--	(3.6)	(108)
Expirations	--	(29.4)	(945)
December 28, 1996	335	9.0	275
Sales	288	46.3	3,525
Expirations	--	(29.0)	(1,759)
December 27, 1997	$ 623	26.3	$ 2,041

</TABLE>

The amount related to Intel's potential repurchase obligation has been reclassified from stockholders' equity to put warrants. The 26.3 million put warrants outstanding at December 27, 1997 expire on various dates between February and August 1998 and have exercise prices ranging from $68 to $95 per share, with an average exercise price of $78 per share. There is no significant effect on diluted 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)	1997 Balance	1997 Weighted average interest rate	1996 Balance	1996 Weighted average interest rate
<S>	<C>	<C>	<C>	<C>
Borrowed under lines of credit	$ 32	N/A	$ 30	N/A
Reverse repurchase agreements payable in non-U.S. currencies	--	--	263	6.4%
Notes payable	--	--	3	0.7%
Drafts payable	180	N/A	93	N/A
Total	$ 212		$ 389	

</TABLE>

The Company also borrows under commercial paper programs. Maximum borrowings under commercial paper programs reached $175 million during 1997 and $306 million during 1996. This debt is rated A-1+ by Standard and Poor's and P-1 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)	1997	1996

Payable in U.S. dollars:		
AFICA Bonds due 2013 at 4%	$ 110	$ 110
Reverse repurchase arrangement due 2001	--	300
Other U.S. dollar debt	6	4
Payable in other currencies:		
Irish punt due 1999-2027 at 5%-12%	396	268
Greek drachma due 2001	46	46
Subtotal	558	728
Less long-term debt redeemable within one year	(110)	--
Total	$ 448	$ 728

</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. They are next adjustable and redeemable in 1998 and accordingly have been reclassified as a current liability at December 27, 1997. 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. The $300 million reverse repurchase arrangement originally payable in 2001 was repaid in 1997. It had a borrowing rate of 5.9% at December 28, 1996.

Under shelf registration statements filed with the Securities and Exchange Commission, Intel originally had 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") under these registration statements. The Company may issue up to approximately $1.4 billion in additional securities under effective registration statements.

As of December 27, 1997, aggregate debt maturities were as follows: 1998-$110 million; 1999-$7 million; 2000-$5 million; 2001-$56 million; 2002-$15 million; and thereafter-$365 million.

Investments

The returns 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 A-1 and P-1 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 27, 1997, investments were placed with approximately 250 different counterparties.

<TABLE>

Investments at December 27, 1997 were as follows:

(In millions)	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Commercial paper	$ 3,572	$ 1	$ (9)	$ 3,564
Bank deposits	2,369	--	(2)	2,367
Corporate bonds	1,788	12	(73)	1,727
Floating rate notes	843	1	(2)	842
Loan participations	743	--	--	743

Repurchase agreements	515	--	--	515
Securities of foreign governments	75	--	(6)	69
Fixed rate notes	32	--	--	32
Other debt securities	294	--	(1)	293
Total debt securities	10,231	14	(93)	10,152
Hedged equity	504	9	(17)	496
Preferred stock and other equity	620	131	(41)	710
Total equity securities	1,124	140	(58)	1,206
Swaps hedging investments in debt securities	--	76	(12)	64
Swaps hedging investments in equity securities	--	17	(9)	8
Currency forward contracts hedging investments in debt securities	--	16	(1)	15
Total available-for-sale securities	11,355	263	(173)	11,445
Less amounts classified as cash equivalents	(3,976)	--	--	(3,976)
Total investments	$ 7,379	$ 263	$ (173)	$ 7,469

</TABLE>

<TABLE>

Investments at December 28, 1996 were as follows:

(In millions)	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
<S>	<C>	<C>	<C>	<C>
Commercial paper	$ 2,386	$ --	$ (1)	$ 2,385
Bank deposits	1,846	--	(2)	1,844
Repurchase agreements	931	--	(1)	930
Loan participations	691	--	--	691
Corporate bonds	657	10	(6)	661
Floating rate notes	366	--	--	366
Securities of foreign governments	265	14	(2)	277
Fixed rate notes	262	--	--	262
Other debt securities	284	--	(2)	282
Total debt securities	7,688	24	(14)	7,698
Hedged equity	891	71	(15)	947
Preferred stock and other equity	270	174	(3)	441
Total equity securities	1,161	245	(18)	1,388
Swaps hedging investments in debt securities	--	5	(17)	(12)
Swaps hedging investments in equity securities	--	15	(42)	(27)
Options hedging investments in equity securities	(9)	--	(16)	(25)
Currency forward contracts hedging investments in debt securities	--	5	--	5
Total available-for-sale securities	8,840	294	(107)	9,027
Less amounts classified as cash equivalents	(3,932)	--	--	(3,932)

Total investments	$ 4,908	$ 294	$ (107)	$ 5,095

</TABLE>

Available-for-sale securities with a fair value at the date of sale of $153 million, $225 million and $114 million were sold in 1997, 1996 and 1995, respectively. The gross realized gains on these sales totaled $106 million, $7 million and $60 million, respectively.

The amortized cost and estimated fair value of investments in debt securities at December 27, 1997, by contractual maturity, were as follows:

<TABLE>

(In millions)	Cost	Estimated fair value
<S>	<C>	<C>
Due in 1 year or less	$ 8,925	$ 8,863
Due in 1-2 years	638	620
Due in 2-5 years	293	295
Due after 5 years	375	374
Total investments in debt securities	$ 10,231	$ 10,152

</TABLE>

Notes to consolidated financial statements

Derivative financial instruments

Outstanding notional amounts for derivative financial instruments at fiscal year-ends were as follows:

<TABLE>

(In millions)	1997	1996
<S>	<C>	<C>
Swaps hedging investments in debt securities	$ 2,017	$ 900
Swaps hedging investments in equity securities	$ 604	$ 918
Swaps hedging debt	$ 155	$ 456
Currency forward contracts	$ 1,724	$ 1,499
Currency options	$ 55	$ 94
Options hedging investments in marketable equity securities	$ --	$ 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 nvestments.

Swap agreements. The Company utilizes swap agreements to exchange the foreign currency, equity and interest rate returns of its investment and debt portfolios for floating U.S. dollar interest rate based returns. The floating rates on swaps are based primarily on U.S. dollar LIBOR and are reset on a monthly, quarterly or semiannual basis.

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

Weighted average pay and receive rates, average maturities and range of maturities on swaps at December 27, 1997 were as follows:

<TABLE>

	Weighted average	Weighted average receive	Weighted average	Range of

	pay rate	rate	maturity	maturities
<S>	<C>	<C>	<C>	<C>
Swaps hedging investments in U.S. dollar debt securities	6.1%	5.8%	.9 years	0-3 years
Swaps hedging investments in foreign currency debt securities	6.3%	5.9%	1.0 years	0-3 years
Swaps hedging investments in equity securities	N/A	5.7%	.6 years	0-2 years
Swaps hedging debt	5.9%	5.2%	1.6 years	0-4 years

</TABLE>

Note: Pay and receive rates are based on the reset rates that were in effect at December 27, 1997.

Other foreign currency instruments. Intel transacts business in various foreign currencies, primarily Japanese yen and certain other Asian and European currencies. The Company has established revenue and balance sheet hedging programs to protect against reductions in value and volatility of future cash flows caused by changes in foreign exchange rates. The Company utilizes currency forward contracts and currency options in these hedging programs. The maturities on these 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:

<TABLE>

	1997		1996	
(In millions)	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
<S>	<C>	<C>	<C>	<C>
Cash and cash equivalents	$ 4,102	$ 4,102	$ 4,165	$ 4,165
Short-term investments	$ 5,561	$ 5,561	$ 3,736	$ 3,736
Trading assets	$ 195	$ 195	$ 87	$ 87
Long-term investments	$ 1,821	$ 1,821	$ 1,418	$ 1,418
Non-marketable instruments	$ 387	$ 497	$ 119	$ 194
Swaps hedging investments in debt securities	$ 64	$ 64	$ (12)	$ (12)
Swaps hedging investments in equity securities	$ 8	$ 8	$ (27)	$ (27)
Options hedging investments in marketable equity securities	$ --	$ --	$ (25)	$ (25)
Short-term debt	$ (212)	$ (212)	$ (389)	$ (389)
Long-term debt redeemable within one year	$ (110)	$ (109)	$ --	$ --
Long-term debt	$ (448)	$ (448)	$ (728)	$ (731)
Swaps hedging debt	$ --	$ (1)	$ --	$ 13
Currency forward contracts	$ 26	$ 28	$ 5	$ 18
Currency options	$ 1	$ 1	$ --	$ --

</TABLE>

Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of investments and trade receivables. Intel places its investments with high-credit-quality counterparties and, by policy, limits the amount of credit exposure to any one counterparty based on Intel's analysis of that counterparty's relative credit standing. A majority of the Company's trade receivables are derived from sales to manufacturers of computer systems, with the remainder spread across various other industries. The Company's five largest customers accounted for approximately 39% of net revenues for 1997. At December 27, 1997, these customers accounted for approximately 34% of net accounts receivable.

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

<TABLE>

(In millions)	1997	1996	1995
Interest income	$ 562	$ 364	$ 272
Foreign currency gains	63	26	29
Other income	174	16	114
Total	$ 799	$ 406	$ 415

</TABLE>

Other income for 1997 includes approximately $106 million from sales of a portion of the Company's investments in marketable equity securities. 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 investments in marketable equity securities.

Provision for taxes

The provision for taxes consisted of the following:

<TABLE>

(In millions)	1997	1996	1995
Income before taxes:			
U.S.	$ 8,033	$ 5,515	$ 3,427
Foreign	2,626	2,419	2,211
Total income before taxes	$ 10,659	$ 7,934	$ 5,638
Provision for taxes:			
Federal:			
Current	$ 2,930	$ 2,046	$ 1,169
Deferred	30	8	307
	2,960	2,054	1,476
State:			
Current	384	286	203
Foreign:			
Current	394	266	354
Deferred	(24)	171	39
	370	437	393
Total provision for taxes	$ 3,714	$ 2,777	$ 2,072
Effective tax rate	34.8%	35.0%	36.8%

</TABLE>

The tax benefit associated with dispositions from employee stock plans reduced taxes currently payable for 1997 by $224 million ($196 million and $116 million for 1996 and 1995, respectively).

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

<TABLE>

(In millions)	1997	1996	1995
Computed expected tax	$ 3,731	$ 2,777	$ 1,973
State taxes, net of federal benefits	249	186	132
Other	(266)	(186)	(33)
Provision for taxes	$ 3,714	$ 2,777	$ 2,072

</TABLE>

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

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

<TABLE>

(In millions)	1997	1996
<S>	<C>	<C>
Deferred tax assets:		
Accrued compensation and benefits	$ 76	$ 71
Deferred income	200	147
Inventory valuation and related reserves	163	187
Interest and taxes	49	54
Other, net	188	111
	676	570
Deferred tax liabilities:		
Depreciation	(882)	(573)
Unremitted earnings of certain subsidiaries	(162)	(359)
Other, net	(32)	(65)
	(1,076)	(997)
Net deferred tax (liability)	$ (400)	$ (427)

</TABLE>

U.S. income taxes were not provided for on a cumulative total of approximately $1,505 million of undistributed earnings for certain non-U.S. subsidiaries. The Company intends to reinvest these earnings indefinitely in operations outside the United States.

During 1997, the Company officially settled all tax and related interest for years 1978 through 1990 with the Internal Revenue Service ("IRS"). There was no material effect on the Company's 1997 financial statements.

The Company's U.S. income tax returns for the years 1991 through 1993 are presently under examination by the IRS. Final proposed adjustments have not yet been received for these years. In addition, examination by the IRS of the Company's income tax returns for the years 1994 through 1996 began in 1997. Management believes that adequate amounts of tax and related interest and penalties, if any, have been provided for any adjustments that may result for the years under examination.

Employee benefit plans

Stock option plans. Intel has a 1984 Stock Option 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. In 1997, the Board of Directors approved the 1997 Stock Option Plan, which made an additional 130 million shares available for employees other than officers and directors. The Company also has an Executive Long-Term Stock Option Plan under which certain employees, including officers, may be granted options to purchase shares of the Company's authorized but unissued Common Stock. Under all of the plans, the option exercise price is equal to fair market value at the date of grant.

Options currently expire no later than 10 years from the grant date and generally vest after 5 years. Proceeds received by the Company from exercises are credited to Common Stock and capital in excess of par value. Additional

information with respect to stock option plan activity was as follows:

<TABLE>

		Outstanding options	
(In millions)	Shares available for options	Number of shares	Weighted average exercise price
<S>	<C>	<C>	<C>
December 31, 1994	108.9	170.3	$ 7.64
Grants	(27.9)	27.9	$ 24.11
Exercises	--	(21.3)	$ 4.07
Cancellations	5.9	(5.9)	$ 12.83
December 30, 1995	86.9	171.0	$ 10.60
Grants	(26.7)	26.7	$ 34.56
Exercises	--	(23.7)	$ 4.93
Cancellations	5.1	(5.1)	$ 17.05

December 28, 1996	65.3	168.9	$ 14.98
Additional shares reserved	130.0	--	--
Grants	(31.5)	31.5	$ 72.46
Exercises	--	(23.6)	$ 6.11
Cancellations	4.4	(4.4)	$ 32.76
December 27, 1997	168.2	172.4	$ 26.24
Options exercisable at:			
December 30, 1995		58.2	$ 4.55
December 28, 1996		57.3	$ 5.72
December 27, 1997		57.6	$ 7.33

</TABLE>

The range of exercise prices for options outstanding at December 27, 1997 was $2.52 to $97.94. The range of exercise prices for options is wide due primarily to the increasing price of the Company's stock over the period when the grants were made.

The following tables summarize information about options outstanding at December 27, 1997:

<TABLE>

	Outstanding options		
Range of exercise prices	Number of shares (in millions)	Weighted average contractual life (in years)	Weighted average exercise price
<S>	<C>	<C>	<C>
$2.52-$9.78	49.2	2.9	$ 5.34
$11.09-$20.56	45.1	5.8	$ 14.04
$22.20-$48.47	46.5	7.9	$ 28.95
$52.09-$97.94	31.6	9.4	$ 72.12
Total	172.4	6.2	$ 26.24

</TABLE>
<TABLE>

	Exercisable options	
Range of exercise prices	Number of shares (in millions)	Weighted average exercise price
<S>	<C>	<C>
$2.52-$9.78	49.1	$ 5.34
$11.09-$20.56	6.2	$ 13.90
$22.20-$48.47	2.1	$ 29.86
$52.09-$97.94	.2	$ 60.09
Total	57.6	$ 7.33

</TABLE>

These options will expire if not exercised at specific dates ranging from January 1998 to December 2007. Prices for options exercised during the three-year period ended December 27, 1997 ranged from $1.52 to $61.31.

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 236 million shares authorized to be issued under the plan, 43.0 million shares were available for issuance at December 27, 1997. Employees purchased 4.5 million shares in 1997 (7.0 million in 1996 and in 1995)for $191 million ($140 million and $110 million in 1996 and 1995, respectively).

Pro forma information. The Company has elected to follow APB Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under SFAS No. 123, "Accounting for Stock-Based Compensation," requires the use of option valuation models that were not developed for use in valuing employee stock options. Under APB No. 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized in the Company's financial statements.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123. This information is required to be determined as if the Company had accounted for its employee stock options (including shares issued under the Stock Participation Plan, collectively called "options") granted subsequent to December 31, 1994 under the fair value method of that statement. The fair value of options granted in 1997, 1996 and 1995 reported below has been estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

<TABLE>

Employee stock options	1997	1996	1995
<S>	<C>	<C>	<C>
Expected life (in years)	6.5	6.5	6.5
Risk-free interest rate	6.6%	6.5%	6.8%
Volatility	.36	.36	.36
Dividend yield	.1%	.2%	.3%

</TABLE>
<TABLE>

Stock Participation Plan shares	1997	1996	1995
<S>	<C>	<C>	<C>
Expected life (in years)	.5	.5	.5
Risk-free interest rate	5.3%	5.3%	6.0%
Volatility	.40	.36	.36
Dividend yield	.1%	.2%	.3%

</TABLE>

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility.

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financial statements

Because the Company's options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of its options. The weighted average estimated fair value of employee stock options granted during 1997, 1996 and 1995 was $35.33, $16.35 and $11.63 per share, respectively. The weighted average estimated fair value of shares granted under the Stock Participation Plan during 1997, 1996 and 1995 was $22.08, $8.11 and $6.13, respectively.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Company's pro forma information follows (in millions except for earnings per share information):

<TABLE>

	1997	1996	1995
<S>	<C>	<C>	<C>
Pro forma net income	$ 6,735	$ 5,046	$ 3,506
Pro forma basic earnings per share	$ 4.12	$ 3.07	$ 2.12
Pro forma diluted earnings per share	$ 3.76	$ 2.84	$ 1.98

</TABLE>

The effects on pro forma disclosures of applying SFAS No. 123 are not likely to be representative of the effects on pro forma disclosures of future years. Because SFAS No. 123 is applicable only to options granted subsequent to December 31, 1994, the pro forma effect will not be fully reflected until 1999.

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 and certain foreign countries. 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 $273 million for the Qualified Plans and the

Non-Qualified Plan in 1997 ($209 million in 1996 and $188 million in 1995). Of the $273 million accrued in 1997, the Company expects to fund approximately $245 million for the 1997 contribution to the Qualified Plans and to allocate approximately $12 million for the Non-Qualified Plan. The remainder, plus approximately $193 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 participant's balance in the 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 1997, 1996 and 1995 for the U.S. and Puerto Rico plans was less than $1 million per year, and no component of expense exceeded $4 million.

The funded status of these plans as of December 27, 1997 and December 28, 1996 was as follows:

<TABLE>

(In millions)	1997	1996
<S>	<C>	<C>
Vested benefit obligation	$ (5)	$ (3)
Accumulated benefit obligation	$ (5)	$ (4)
Projected benefit obligation	$ (6)	$ (5)
Fair market value of plan assets	14	11
Projected benefit obligation less than plan assets	8	6
Unrecognized net (gain)	(15)	(15)
Unrecognized prior service cost	2	3
Accrued pension costs	$ (5)	$ (6)

</TABLE>
<TABLE>
At fiscal year-ends, significant assumptions used were as follows:

	1997	1996	1995
<S>	<C>	<C>	<C>
Discount rate	7.0%	7.0%	7.0%
Rate of compensation increase	5.0%	5.0%	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 1997, 1996 and 1995 for the foreign plans was $14 million, $17 million and $9 million, respectively. No component of expense exceeded $15 million.

The funded status of the foreign defined-benefit plans as of December 27, 1997 and December 28, 1996 is summarized below:
<TABLE>

1997 (In millions)	Assets exceed accumulated benefits	Accumulated benefits exceed assets

Vested benefit obligation	$ (43)	$ (11)
Accumulated benefit obligation	$ (49)	$ (17)
Projected benefit obligation	$ (71)	$ (26)
Fair market value of plan assets	78	4
Projected benefit obligation less than (in excess of) plan assets	7	(22)
Unrecognized net loss	3	2
Unrecognized net transition obligation	2	1
Prepaid (accrued) pension costs	$ 12	$ (19)

(In millions)	Assets exceed accumulated benefits	Accumulated benefits exceed assets
Vested benefit obligation	$ (43)	$ (9)
Accumulated benefit obligation	$ (46)	$ (15)
Projected benefit obligation	$ (62)	$ (23)
Fair market value of plan assets	68	3
Projected benefit obligation less than (in excess of) plan assets	6	(20)
Unrecognized net loss	3	3
Unrecognized net transition obligation	2	1
Prepaid (accrued) pension costs	$ 11	$ (16)

At fiscal year-ends, significant assumptions used were as follows:

	1997	1996	1995
Discount rate	5.5%-14%	5.5%-14%	5.5%-14%
Rate of compensation increase	4.5%-11%	4.5%-11%	4.5%-11%
Expected long-term return on assets	5.5%-14%	5.5%-14%	5.5%-14%

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

Other postemployment benefits. The Company accounts for other postemployment benefits in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 112, "Employers' Accounting for Postemployment Benefits." These benefits had 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 2010. Rental expense was $69 million in 1997, $57 million in 1996 and $38 million in 1995. Minimum rental commitments under all non-cancelable leases with an initial term in excess of one year are payable as follows: 1998-$37 million; 1999-$33 million; 2000-$18 million; 2001-$13 million; 2002-$12 million; 2003 and beyond-$17 million. Commitments for construction or purchase of property, plant and equipment approximated $3.3 billion at December 27, 1997. In connection with certain manufacturing arrangements, Intel had minimum purchase commitments of approximately $191 million at December 27, 1997 for flash memories and other memory components.

In October 1997, the Company and Digital Equipment Corporation ("Digital") announced that they have agreed to establish a broad-based business relationship. The agreement includes sale of Digital's semiconductor manufacturing operations to Intel for approximately $700 million, a 10-year patent cross-license, supply of both Intel and Alpha microprocessors by Intel to Digital, development by Digital of future systems based on Intel's 64-bit microprocessors and termination of litigation between the companies as described below (see "Contingencies"). This agreement is subject to U.S. government review. The transactions provided for in the agreement are not expected to have a material adverse effect on the Company's financial condition or ongoing results of operations in any reporting period.

In January 1998, the Company acquired the outstanding shares of Chips and Technologies, Inc. of San Jose, California, for approximately $430 million as a result of a tender offer commenced in August 1997. The transaction will be accounted for as a purchase.

Contingencies

In March 1995, EMI Group, N.A. ("EMI", formerly known as Thorn EMI North America Inc.) brought suit in Federal District Court in Delaware against Intel, alleging that certain Intel manufacturing processes infringe a U.S. patent. In May 1996, the Court granted Intel's motion for summary judgment on some of the processes in issue. In November 1996, the Court granted Intel's motion for summary judgment on the remaining processes in issue and entered judgment in favor of Intel and against EMI on the claims in EMI's complaint. A hearing on EMI's appeal of the grant of summary judgment was heard in August 1997. No decision has been issued.

Digital brought suit in Federal District Court in Massachusetts in May 1997, alleging that Intel is infringing 10 patents in making and selling microprocessor products. Digital sought an injunction and monetary damages. If granted, the injunction would prohibit Intel from using Digital's patented technology in its microprocessor products. The Company believes that its products do not infringe the Digital patents. The Company filed a counterclaim against Digital for infringement of nine microprocessor-related patents, and, in District Court in Oregon, the Company claimed that Digital infringes six video and computer system patents. In October 1997, Intel and Digital announced that they have agreed to establish a broad-based business relationship as described above (see "Commitments"). Among other matters, the two companies agreed to request a stay of all lawsuits until government review of the agreement is completed, following which the lawsuits would be dismissed with prejudice.

In November 1997, Intergraph Corporation ("Intergraph") filed suit in Federal District Court in Alabama generally alleging that Intel attempted to coerce Intergraph into relinquishing certain patent rights relating to microprocessor and chipset interaction in multiprocessor workstations. The suit also alleges that Intel infringes three Intergraph patents and includes alleged violations of antitrust laws. The suit seeks injunctive relief along with unspecified damages. In November 1997, Intel filed suit against Intergraph in Federal District Court in California seeking a declaratory judgment that the Intergraph patents are invalid. Intel also filed an action in the same court alleging breach of contract and misappropriation of trade secrets based on Intergraph's refusal to return Intel confidential information as contractually required.

Although the ultimate outcome of the legal proceedings noted above cannot be determined at this time, management, including internal counsel, does not believe that the outcome of these proceedings, individually and in the aggregate, 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 Company's financial position or overall trends in results of operations.

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

Intel 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. In 1997, one customer accounted for 12% of the Company's revenues. No customer exceeded 10% of revenues in 1996 and 1995. Summary balance sheet information for operations outside the United States at fiscal year-ends is as follows:

<TABLE>

(In millions)	1997	1996
Assets	$ 5,332	$ 4,784
Total liabilities	$ 2,127	$ 1,694
Net property, plant and equipment	$ 2,644	$ 1,615

</TABLE>

Notes to consolidated
financial statements

Geographic information for the three years ended December 27, 1997 is presented in the following tables. 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, trading assets, deferred tax assets, long-term investments and certain other assets.

<TABLE>

(In millions) 1997	Sales to unaffiliated customers	Transfers between geographic areas	Net revenues	Operating income	Identifiable assets
United States	$ 11,053	$ 12,155	$ 23,208	$ 7,734	$ 15,542
Europe	6,774	1,101	7,875	1,056	2,463
Asia-Pacific	4,754	2,659	7,413	549	1,849
Japan	2,489	26	2,515	184	394
Other	--	1,127	1,127	692	626
Eliminations	--	(17,068)	(17,068)	513	(4,365)
Corporate	--	--	--	(841)	12,371
Consolidated	$ 25,070	$ --	$ 25,070	$ 9,887	$ 28,880

</TABLE>
<TABLE>

1996					
United States	$ 8,668	$ 9,846	$ 18,514	$ 5,255	$ 12,982
Europe	5,876	917	6,793	1,118	2,405
Asia-Pacific	3,844	2,004	5,848	509	1,361
Japan	2,459	20	2,479	340	659
Other	--	865	865	529	359
Eliminations	--	(13,652)	(13,652)	453	(3,439)
Corporate	--	--	--	(651)	9,408
Consolidated	$ 20,847	$ --	$ 20,847	$ 7,553	$ 23,735

</TABLE>
<TABLE>

1995					
United States	$ 7,922	$ 6,339	$ 14,261	$ 3,315	$ 12,603
Europe	4,560	1,190	5,750	1,383	2,517
Asia-Pacific	1,983	1,566	3,549	271	893
Japan	1,737	28	1,765	353	665
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

</TABLE>

Supplemental information (unaudited)
Quarterly information for the two years ended December 27, 1997 is presented on page 25.

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 27, 1997 and December 28, 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 27, 1997. 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 27, 1997 and December 28, 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 27, 1997, in conformity with generally accepted accounting principles.

/S/Ernst & Young LLP

San Jose, California
January 12, 1998

Financial summary

<TABLE>

Ten years ended December 27, 1997

(In millions)	Net investment in property, plant & equipment	Total assets	Long-term debt & put warrants	Stock-holders' equity	Additions to property, plant & equipment
<S>	<C>	<C>	<C>	<C>	<C>
1997	$ 10,666	$ 28,880	$ 2,489	$ 19,295	$ 4,501
1996	$ 8,487	$ 23,735	$ 1,003	$ 16,872	$ 3,024
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

</TABLE>
<TABLE>

(In millions -except per share amounts)	Net revenues	Cost of sales	Research & devel-opment	Operating income	Net income	Basic earnings per share	Diluted earnings per share	Dividends declared per share
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1997	$25,070	$ 9,945	$ 2,347	$ 9,887	$ 6,945	$ 4.25	$3.87	$.115
1996	$20,847	$ 9,164	$ 1,808	$ 7,553	$ 5,157	$ 3.13	$2.90	$.095
1995	$16,202	$ 7,811	$ 1,296	$ 5,252	$ 3,566	$ 2.16	$2.02	$.075
1994	$11,521	$ 5,576	$ 1,111	$ 3,387	$ 2,288	$ 1.38	$1.31	$.058
1993	$ 8,782	$ 3,252	$ 970	$ 3,392	$ 2,295	$ 1.37	$1.30	$.050
1992	$ 5,844	$ 2,557	$ 780	$ 1,490	$ 1,067	$ .64	$ .62	$.025
1991	$ 4,779	$ 2,316	$ 618	$ 1,080	$ 819	$ .51	$ .49	--

1990	$ 3,921	$ 1,930	$ 517	$ 858	$ 650	$ .42	$ .40	--
1989	$ 3,127	$ 1,721	$ 365	$ 557	$ 391	$ .27	$ .26	--
1988	$ 2,875	$ 1,506	$ 318	$ 594	$ 453	$ .33	$ .31	--

</TABLE>

Management's discussion and analysis of financial condition and results of operations

Results of operations

Intel posted record net revenues in 1997, for the 11th consecutive year, rising by 20% from 1996 to 1997 and by 29% from 1995 to 1996. The growth in revenues from 1996 to 1997 was primarily due to higher volumes of the Pentium(R) microprocessor family (including processors with Intel's MMX(TM) media enhancement technology) and Pentium(R) Pro processors, and the ramp of the Pentium(R) II processors. The growth in revenues from 1995 to 1996 was driven primarily by higher volumes of the Pentium processor family, partially offset by lower processor prices. From 1995 to 1997, the increased revenues on microprocessors were partially offset by decreased revenues from sales of related board-level products, as sales of board-level products became less significant to the Company's business, and insignificant in 1997.

Higher volumes of chipset products also contributed toward the increase in revenues from 1995 to 1997 and helped enable the Pentium and Pentium Pro microprocessor ramps and the ongoing ramp of the Pentium II microprocessor. Revenues from embedded control products and networking and communications products also grew over this period. Revenues from flash memory products grew from 1995 to 1996 but declined from 1996 to 1997.

Cost of sales increased by 8.5% from 1996 to 1997 and by 17% from 1995 to 1996. While revenues increased substantially from 1996 to 1997 and from 1995 to 1996, growth in cost of sales was significantly less in both periods. The growth in cost of sales from 1996 to 1997 was driven by unit volume growth, costs related to the ramp of the 0.25-micron microprocessor manufacturing process and shifts in product mix, partially offset by factory efficiencies due to the increased volumes. Cost of sales in the second half of 1997 was negatively affected by the cost of purchased components in the Single Edge Contact ("SEC") cartridge used with the Pentium II processor. The increase in cost of sales from 1995 to 1996 was driven by unit volume growth, new factories commencing production, manufacturing process conversions and shifts in product mix. Cost of sales in the second half of 1996 was favorably affected by factory efficiencies from higher volumes.

The gross margin percentage was 60% in 1997, compared to 56% in 1996 and 52% in 1995 as a result of the cost and revenue factors discussed above. However, for the second half of 1997, the gross margin percentage was 58%, compared to 60% in the second half of 1996, primarily due to the impact of the SEC cartridge and a weaker flash memory market segment in 1997. See "Outlook" for a discussion of gross margin expectations.

Sales of Pentium family microprocessors and related board-level products comprised a majority of the Company's revenues and gross margin during 1997. During 1996 and 1995, a majority of the Company's revenues and a substantial majority of its gross margin were derived from these products. Sales of Pentium Pro and Pentium II microprocessors became an increasing portion of the Company's revenues and gross margin in 1996 and a significant portion in 1997. The Intel486(TM) microprocessor family contributed significant but declining revenues and gross margin in 1995 and negligible revenues and gross margin in 1996.

Research and development spending grew by 30% from 1996 to 1997 and 40% from 1995 to 1996, as the Company substantially increased its investments over this time period 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), other revenue-dependent expenses and expenses related to headcount in 1997 drove the 25% and 26% increases in marketing, general and administrative expenses from 1996 to 1997 and from 1995 to 1996, respectively.

Interest expense was essentially flat from 1996 to 1997, mainly due to lower interest capitalization, offset by lower average borrowing balances and interest rates in 1997. The decrease in interest expense from 1995 to 1996 was primarily due to lower average borrowing balances and interest rates in 1996.

Interest and other income increased by $393 million from 1996 to 1997, primarily due to higher average investment balances and higher gains on sales of equity investments. Although the Company had higher average investment balances in 1996 than in 1995, interest and other income decreased by $9 million from 1995 to 1996, primarily due to the offsetting effect of $118 million in unusual gains in 1995.

The Company's effective income tax rate decreased to 34.8% in 1997 compared to 35.0% and 36.8% in 1996 and 1995, respectively.

Financial condition

The Company's financial condition remains very strong. As of December 27, 1997, total cash, trading assets and short- and long-term investments totaled $11.8 billion, up from $9.3 billion at December 28, 1996. Cash generated from operating activities rose to $10.0 billion in 1997, compared to $8.7 billion and $4.0 billion in 1996 and 1995, respectively.

The Company used $6.9 billion in cash for investing activities during 1997, compared to $5.3 billion during 1996 and $2.7 billion during 1995, as operating activities generated significantly more cash during 1997. Capital expenditures totaled $4.5 billion in 1997, as the Company continued to invest in property, plant and equipment, primarily for microprocessor manufacturing capacity. The Company had committed approximately $3.3 billion for the construction or purchase of property, plant and equipment as of December 27, 1997. See "Outlook" for a discussion of capital expenditure expectations in 1998.

Inventory levels, particularly work in process and finished goods, increased significantly in 1997. This increase was primarily attributable to the ramp of the Pentium II processor and the related higher level of purchased components on the SEC cartridge. The decrease in accounts receivable in 1997 was mainly due to improved receivable collections and higher revenues in geographic regions with faster payment patterns. The Company's five largest customers accounted for approximately 39% of net revenues for 1997, and one customer accounted for 12% of revenues. No customers accounted for more than 10% of revenues in 1996 and 1995. At December 27, 1997, the five largest customers accounted for approximately 34% of net accounts receivable.

The Company used $3.2 billion for financing activities in 1997, compared to $773 million and $1.1 billion in 1996 and 1995, respectively. The major financing applications of cash in 1997 were for repurchase of 43.6 million shares of Common Stock for $3.4 billion and a $300 million repayment under a private reverse repurchase arrangement. The major financing applications of cash in 1996 and 1995 were for stock repurchases totaling $1.3 billion (including $108 million for exercised put warrants) and $1.0 billion, respectively. Financing sources of cash during 1997 included $357 million in proceeds from the sale of shares primarily pursuant to employee stock plans ($261 million in 1996 and $192 million in 1995). Financing sources in 1996 also included $300 million under the private reverse repurchase arrangement.

As part of its authorized stock repurchase program, the Company had outstanding put warrants at the end of 1997, with the potential obligation to buy back 26.3 million shares of its Common Stock at an aggregate price of $2.0 billion. The exercise price of these warrants ranged from $68 to $95 per share, with an average exercise price of $78 per share as of December 27, 1997.

Other sources of liquidity include authorized commercial paper borrowings of $700 million. 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 shelf registration statements.

In January 1998, the Company acquired the outstanding shares of Chips and Technologies, Inc. of San Jose, California, for approximately $430 million.

On October 27, 1997, the Company and Digital Equipment Corporation ("Digital") announced that they have agreed to establish a broad-based business relationship. Under the agreement, Intel will purchase Digital's semiconductor operations, including facilities in Hudson, Massachusetts as well as development operations in Jerusalem, Israel and Austin, Texas for approximately

$700 million. The agreement is subject to U.S. government review.

The Company believes that it has the financial resources needed to meet business requirements in the foreseeable future, including capital expenditures for the expansion of worldwide manufacturing capacity, working capital requirements, the potential put warrant obligation and the dividend program.

Financial market risks

The Company is exposed to financial market risks, including changes in interest rates, foreign currency exchange rates and marketable equity security prices. To mitigate these risks, the Company utilizes derivative financial instruments. The Company does not use derivative financial instruments for speculative or trading purposes.

The primary objective of the Company's investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, the returns 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. A hypothetical 60 basis point increase in interest rates would result in an approximate $18 million decrease (less than 0.2%) in the fair value of the Company's available-for-sale securities.

The Company hedges currency risks of investments denominated in foreign currencies with foreign currency borrowings, currency forward contracts and currency interest rate swaps. Gains and losses on these foreign currency investments would generally be offset by corresponding losses and gains on the related hedging instruments, resulting in negligible net exposure to the Company.

A substantial majority of the Company's revenue, expense and capital purchasing activities are transacted in U.S. dollars. However, the Company does enter into these transactions in other currencies, primarily Japanese yen and certain other Asian and European currencies. To protect against reductions in value and the volatility of future cash flows caused by changes in foreign exchange rates, the Company has established revenue, expense and balance sheet hedging programs. Currency forward contracts and currency options are utilized in these hedging programs. The Company's hedging programs reduce, but do not always entirely eliminate, the impact of foreign currency exchange rate movements. An adverse change (defined as 20% in certain Asian currencies and 10% in all other currencies) in exchange rates would result in a decline in income before taxes of less than $20 million.

The Company is exposed to equity price risks on the marketable portion of equity securities included in its portfolio of investments entered into for the promotion of business and strategic objectives. These investments are generally in small capitalization stocks in the high-technology industry sector. The Company typically does not attempt to reduce or eliminate its market exposure on these securities. A 20% adverse change in equity prices would result in an approximate $75 million decrease in the fair value of the Company's available-for-sale securities.

All of the potential changes noted above are based on sensitivity analyses performed on the Company's financial positions at December 27, 1997. Actual results may differ materially.

Outlook

This outlook section contains a number of forward-looking statements, all of which are based on current expectations. Actual results may differ materially. These statements do not reflect the potential impact of any future mergers or acquisitions, except as noted below.

Intel expects that the total number of computers using Intel's Pentium family processors, sixth-generation processors (including Pentium II and Pentium Pro processors) and other semiconductor components sold worldwide will continue to grow in 1998. The Company's financial results are substantially dependent on sales of these microprocessors and other semiconductor components. Revenue is also a function of the mix of microprocessor types and speeds sold, as well as the mix of microprocessors and related purchased components, all of which are difficult to forecast. Because of the large price difference between types of microprocessors, this mix affects the average price Intel will realize and has a large impact on Intel's revenues. The Company's expectations regarding growth in the computing industry worldwide are subject to the impact of economic conditions in various geographic regions, including the Asia-Pacific region, which has recently been undergoing a currency and economic crisis.

Intel's strategy is to introduce ever higher performance microprocessors tailored for the different segments of the worldwide computing market. To implement this strategy, the Company plans to cultivate new businesses and continue to work with the software industry to develop compelling applications that can take advantage of this higher performance, thus driving demand toward the newer products in each computing market segment. In line with this strategy, the Company is seeking to develop higher performance microprocessors for each market segment, including servers, workstations, high-end business PCs, the basic PC and other product lines. The Company may continue to reduce microprocessor prices at such times as it deems appropriate in order to bring its technology to market within each relevant market segment.

The Company's gross margin varies depending on the mix of types and speeds of processors sold and the mix of microprocessors and related purchased components within a product family. The Company's most advanced product, the Pentium II processor, is packaged with purchased components in the SEC cartridge, and the inclusion of purchased components tends to increase absolute dollar margins but

to lower the gross margin percentage. This increased volume of purchased components on the SEC cartridge is expected to reduce the gross margin percentage over the next several quarters from 59% in the fourth quarter of 1997. Various other factors (including unit volumes and costs, yield issues associated with production at factories, ramp of new technologies, excess or obsolete inventory, and mix of shipments of other semiconductors) will also continue to affect the amount of cost of sales and the variability of gross margin percentages. The Company currently expects that revenue and the gross margin percentage in the first quarter of 1998 will be adversely affected by weaker demand from original equipment manufacturers. Intel's primary goal is to get its advanced technology to the marketplace, and the Company sometimes implements strategies that increase dollar margins but lower margin percentages. These strategies include the SEC cartridge, as discussed above, and the Company's plans to grow in non-microprocessor areas that have the potential to expand computing and telecommunications capabilities, an example of which is the acquisition of Chips and Technologies, Inc.

The Company believes that over the long term the gross margin percentage will be 50% plus or minus a few points. In addition, from time to time, the Company may forecast a range of gross margin percentages for the coming quarter. Actual results may differ from these estimates.

The Company has expanded manufacturing capacity over the last few years and continues to expand capacity based on the assumed continued success of its strategy and the acceptance of its products in specific market segments. If the market demand does not continue to grow and move rapidly toward higher performance products in the various market segments, revenues and gross margin may be affected, the manufacturing capacity installed may be under-utilized, and capital spending may be slowed. Revenues and gross margin may also be affected if the Company does not add capacity fast enough to meet market demand. The Company expects that capital spending will increase to approximately $5.3 billion in 1998 to support significant expansion of worldwide manufacturing capacity. The Company's capital spending plan includes the acquisition of Digital's semiconductor facilities. This plan is dependent upon expectations regarding manufacturing efficiencies, delivery times of various machines and construction schedules for new facilities. Depreciation for 1998 is expected to be approximately $2.7 billion. Most of the increased depreciation would 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, and the Company's continued success is dependent on technological advances, including the development and implementation of new processes and new strategic products for specific market segments. As Intel considers it imperative to maintain a strong research and development program, spending for research and development in 1998 is expected to increase to approximately $2.8 billion. In addition, the Company expects the acquisition of Chips and Technologies, Inc. in 1998 to result in a one-time charge for in-process research and development of approximately $165 million in the first quarter. 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, general and administrative expenses is also expected to increase in 1998.

The Company currently expects its tax rate to decrease to 34% for 1998 due to the settlement of federal tax audits and favorable resolution of significant state tax issues and tax matters in other countries. This estimate, based on current tax law and current estimate of earnings, excludes the effect of the one-time charge related to Chips and Technologies, Inc. and is subject to change.

In September 1997, the Federal Trade Commission ("FTC") staff notified Intel that the FTC has begun an investigation of the Company's business practices. To date, no allegations have been made, nor have any charges been filed. The Company has an aggressive program in place to make sure its business practices are in full compliance with federal laws in this area. Although neither the extent nor the outcome of this investigation can be determined at this time, management, including internal counsel, does not believe that the outcome will have a material adverse effect on the Company's financial position or overall trend in results of operations.

Like many other companies, the year 2000 computer issue creates risk for Intel. If internal systems do not correctly recognize date information when the year changes to 2000, there could be an adverse impact on the Company's operations. The Company has initiated a comprehensive project to prepare its computer systems for the year 2000 and plans to have changes to critical systems completed by the first quarter of 1999 to allow time for testing. The Company is also assessing the capability of its products sold to customers over a period of years to handle the year 2000 and has a plan in place to address product issues during 1998. Management believes that the likelihood of a material adverse impact due to problems with internal systems or products sold to customers is remote and expects that the cost of these projects over the next two years will not have a material effect on the Company's financial position or overall trends in results of operations. Intel is also contacting critical suppliers of products and services to determine that the suppliers' operations and the products and services they provide are year 2000 capable or to monitor their progress toward year 2000 capability. There can be no assurance that another company's failure to ensure year 2000 capability would not have an adverse effect on the Company.

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 computing industry, gross margin, capital spending, depreciation, research and development, marketing and general and administrative expenses, the FTC investigation and the year 2000 issue - 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: changes in customer order patterns, including changes in customer and channel inventory levels; competitive factors, such as rival chip architectures and manufacturing technologies, competing software-compatible microprocessors and availability of other computing alternatives; timing of software industry product introductions; execution of the manufacturing ramp; the ability to successfully integrate and operate any acquired businesses; costs or other adverse effects associated with processors and other products containing errata (deviations from published specifications); risks associated with foreign operations; and litigation involving intellectual property, consumer and other issues.

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

Financial information by quarter (unaudited)

(In millions-except per share data) 1997 for quarter ended	December 27	September 27	June 28	March 29
Net revenues	$ 6,507	$ 6,155	$ 5,960	$ 6,448
Cost of sales	$ 2,691	$ 2,604	$ 2,343	$ 2,307
Net income	$ 1,743	$ 1,574	$ 1,645	$ 1,983
Basic earnings per share	$ 1.07	$ .96	$ 1.01	$ 1.21
Diluted earnings per share	$ .98	$ .88	$ .92	$ 1.10
Dividends per share				
(A) Declared	$ .03	$ .03	$ .03	$ .025
Paid	$ .03	$ .03	$ .025	$ .025
Market price range Common Stock				
(B) High	$ 95.38	$100.50	$ 84.66	$ 82.38
Low	$ 69.13	$ 69.53	$ 65.25	$ 65.19
Market price range Step-Up Warrants				
(B) High	$ 74.69	$ 79.88	$ 64.16	$ 62.63
Low	$ 48.38	$ 49.56	$ 45.31	$ 45.06

(In millions-except per share data) 1996 for quarter ended	December 28	September 28	June 29	March 30
Net revenues	$ 6,440	$ 5,142	$ 4,621	$ 4,644
Cost of sales	$ 2,392	$ 2,201	$ 2,150	$ 2,421
Net income	$ 1,910	$ 1,312	$ 1,041	$ 894
Basic earnings per share	$ 1.16	$ .80	$ .63	$ .54
Diluted earnings per share	$ 1.06	$ .74	$ .59	$ .51
Dividends per share				
(A) Declared	$ .025	$ .025	$ .025	$ .020
Paid	$ .025	$ .025	$ .020	$ .020
Market price range Common Stock				
(B) High	$ 68.75	$ 48.69	$ 38.44	$ 30.50
Low	$ 47.72	$ 34.50	$ 28.44	$ 25.00
Market price range Step-Up Warrants				
(B) High	$ 49.19	$ 29.44	$ 19.66	$ 14.25
Low	$ 28.38	$ 15.88	$ 12.00	$ 10.81

(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) trades on The Nasdaq Stock Market* and is quoted in the Wall Street Journal and other newspapers. Intel's 1998 Step-Up Warrants (symbol INTCW) trade on The Nasdaq Stock Market until their March 1998 expiration. Intel's Common Stock also trades on The Swiss Exchange. At December 27, 1997, there were approximately

173,000 registered holders of Common Stock. All stock and warrant prices are closing prices per The Nasdaq Stock Market.

</TABLE>

GRAPHICS APPENDIX LIST*
FOR PAGES 21 AND 22

* In this Appendix, the following descriptions of graphs on pages 21 and 22 of the Company's 1997 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 1997 Annual Report to Stockholders.

<TABLE>

REVENUES AND INCOME (Dollars in billions)	1995	1996	1997
<S>	<C>	<C>	<C>
Net revenues	16.2	20.8	25.1
Net income	3.6	5.2	6.9

</TABLE>
<TABLE>

COSTS AND EXPENSES (Percent of revenues)	1995	1996	1997
<S>	<C>	<C>	<C>
Cost of sales	48%	44%	40%
R&D	8%	9%	9%
Marketing and G&A	12%	11%	12%
(Total)	68%	64%	61%

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OTHER INCOME AND EXPENSE (Dollars in millions)	1995	1996	1997
<S>	<C>	<C>	<C>
Interest income & other	415	406	799
Interest expense	29	25	27

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CASH AND INVESTMENTS (Dollars in billions)	1996	1997
<S>	<C>	<C>
Cash & cash equivalents	4.2	4.1
Short-term investments	3.7	5.6
Long-term investments	1.4	1.8

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Exhibit 21

INTEL CORPORATION

SUBSIDIARIES

(All 100% Owned)

Intel International
(Incorporated in California)

Intel Overseas Corp.
(Incorporated in California)

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

Intel Malaysia SDN. BHD.
(Incorporated in Malaysia)

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 12, 1998, included in the 1997 Annual Report to Stockholders of Intel Corporation.

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

We also consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-10392, 2-73464, 2-56648, 33-33983, 2-90217, 33-29672, 33-41771, 33-63489, 333-20951, 333-24229, 333-45391 and 333-45395; and Form S-3 Nos. 33-20117, 33-54220, 33-58964, 33-49827, 33-50971 and 33-56107) of our report dated January 12, 1998, 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 25, 1998

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This schedule contains summary information extracted from Intel Corporation's CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED BALANCE SHEETS and is qualified in its entirety by reference to such financial statements.
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<CGS>	9945	9164	7811
<TOTAL-COSTS>	9945	9164	7811
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<F2>Item consists of research and development
<F3>Item consists of basic earnings per share
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<F3>Item consists of basic earnings per share
<F4>Item shown net of allowance, consistent with the balance sheet presentation
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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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