

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended July 1, 1995

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  
(State or other jurisdiction of  
incorporation or organization)

94-1672743  
(I.R.S. Employer  
Identification No.)

2200 Mission College Boulevard; Santa Clara, California  
(Address of principal executive offices)

95052-8119  
(Zip Code)

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

N/A

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such requirements for the past 90 days. Yes  No

Shares outstanding of the Registrant's common stock  
as of July 1, 1995

Class	Outstanding at July 1, 1995
Common Stock, \$.001 par value	823.5 million

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<TABLE>  
PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended		Six Months Ended	
	Jul. 1, 1995	Jul. 2, 1994	Jul. 1, 1995	Jul. 2, 1994
<S>	<C>	<C>		
Net revenues	\$ 3,894	\$ 2,770	\$ 7,451	\$ 5,430
Costs and expenses:				
Cost of sales	1,805	1,156	3,414	2,280
Research and development	316	279	610	544
Marketing, general and administrative	447	363	834	707
Operating costs and expenses	2,568	1,798	4,858	3,531
Operating income	1,326	972	2,593	1,899
Interest expense	(10)	(9)	(17)	(20)
Interest and other income, net	83	46	239	101

Income before provision for taxes	1,399	1,009	2,815	1,980
Provision for taxes	520	369	1,047	723
	-----	-----	-----	-----
Net income	\$ 879	\$ 640	\$ 1,768	\$ 1,257
	=====	=====	=====	=====
Earnings per common and common equivalent share	\$ 0.99	\$ 0.73	\$ 2.01	\$ 1.43
	=====	=====	=====	=====
Cash dividends declared per common share	\$ 0.04	\$ 0.03	\$ 0.07	\$0.055
	=====	=====	=====	=====
Weighted average number of common and common equivalent shares outstanding	888	874	880	879
	=====	=====	=====	=====

(See Notes to Consolidated Condensed Financial Statements.)  
</TABLE>

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<TABLE>  
PART I - (continued)

Item 1. Financial Statements (Continued)

Intel Corporation  
Consolidated Condensed Balance Sheets  
(in millions)

	Jul. 1, 1995	Dec. 31, 1994
	-----	-----
	(unaudited)	
	<C>	<C>
<b>&lt;S&gt;</b>		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,023	\$ 1,180
Short-term investments	965	1,230
Accounts receivable, net	2,884	1,978
Inventories:		
Raw materials	556	345
Work in process	619	528
Finished goods	352	296
	-----	-----
	1,527	1,169
	-----	-----
Deferred tax assets	474	552
Other current assets	131	58
	-----	-----
Total current assets	7,004	6,167
	-----	-----
Property, plant and equipment, at cost	9,977	8,516
Less: Accumulated depreciation	(3,657)	(3,149)
	-----	-----
Property, plant and equipment, net	6,320	5,367
Long-term investments	1,920	2,127
Other assets	229	155
	-----	-----
TOTAL ASSETS	\$15,473	\$13,816
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Short-term debt	\$ 507	\$ 517
Accounts payable	736	575
Accrued compensation and benefits	540	588
Other accrued liabilities	556	646
Deferred income on shipments to distributors	294	269
Income taxes payable	740	429
	-----	-----
Total current liabilities	3,373	3,024
	-----	-----
Long-term debt	411	392

Deferred tax liabilities	422	389
Put warrants	600	744
Stockholders' equity:		
Preferred stock	--	--
Common stock and capital in excess of par value	2,395	2,306
Retained earnings	8,272	6,961
	-----	-----
Total stockholders' equity	10,667	9,267
	-----	-----
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 \$15,473	 \$13,816
	=====	=====

(See Notes to Consolidated Condensed Financial Statements.)  
</TABLE>

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<TABLE>  
PART I - (continued)

Item 1. Financial Statements (Continued)

Intel Corporation  
Consolidated Condensed Statements of Cash Flows (unaudited, in millions)

	Six Months Ended	
	Jul. 1, 1995	Jul. 2, 1994
	-----	-----
<S>	<C>	<C>
Cash flows provided by (used for) operating activities:		
Net income	\$ 1,768	\$ 1,257
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	622	473
Net loss on retirements of property, plant and equipment	39	18
Amortization of debt discount	9	9
Change in deferred tax assets and liabilities	111	3
Changes in assets and liabilities:		
(Increase) in accounts receivable	(906)	(140)
(Increase) in inventories	(358)	(359)
(Increase) in other assets	(147)	(52)
Increase in accounts payable	161	116
(Decrease) in accrued compensation and benefits	(48)	(110)
Increase in income taxes payable	311	7
Tax benefit from employee stock plans	69	26
(Decrease) increase in other liabilities	(73)	113
	-----	-----
Total adjustments	(210)	104
	-----	-----
Net cash provided by operating activities	1,558	1,361
	-----	-----
Cash flows provided by (used for) investment activities:		
Additions to property, plant and equipment	(1,614)	(1,141)
Purchases of long-term, available-for-sale investments	(98)	(634)
Sales of long-term, available-for-sale investments	44	9
Maturities and other changes in available-for-sale investments, net	536	263
	-----	-----
Net cash (used for) investment activities	(1,132)	(1,503)
	-----	-----
Cash flows provided by (used for) financing activities:		
(Decrease) in short-term debt, net	(19)	(30)
Additions to long-term debt	--	38
Retirement of long-term debt	--	(98)
Proceeds from sales of shares through employee stock plans and other	120	79
Proceeds from sales of put warrants	16	65
Repurchase and retirement of common stock	(650)	(517)
Payment of dividends to stockholders	(50)	(42)
	-----	-----
Net cash (used for) financing activities	(583)	(505)
	-----	-----
Net (decrease) in cash and cash equivalents	\$ (157)	\$ (647)
	=====	=====
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 50	\$ 31
Income taxes	\$ 556	\$ 687

</TABLE>

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PART I - (continued)

Item 1. Financial Statements (Continued)

Intel Corporation, Notes to Consolidated Condensed Financial Statements

1. The accompanying interim consolidated condensed financial statements of Intel Corporation ("Intel," the "Company" or the "Registrant") have been prepared in conformity with generally accepted accounting principles, consistent in all material respects with those applied in the Annual Report on Form 10-K for the year ended December 31, 1994. The interim financial information is unaudited, but reflects all normal adjustments which are, in the opinion of management, necessary to provide a fair statement of results for the interim periods presented. The interim financial statements should be read in connection with the financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 1994.

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

<TABLE>

	Three Months Ended		Six Months Ended	
	Jul. 1, 1995	Jul. 2, 1994	Jul. 1, 1995	Jul. 2, 1994
<S>	<C>	<C>	<C>	<C>
Interest income	\$ 75	\$ 44	\$ 149	\$ 96
Foreign currency gains	4	3	10	7
Other income (loss)	4	(1)	80	(2)
Total	\$ 83	\$ 46	\$ 239	\$ 101

</TABLE>

Other income for the six months ended July 1, 1995 includes \$58 million for the settlement of all ongoing litigation with Advanced Micro Devices, Inc. and \$23 million from the sale of a portion of the Company's interest in VLSI Technology, Inc.

3. Earnings per common and common equivalent share as presented on the face of the statements of income represent primary earnings per share. Dual presentation of primary and fully diluted earnings per share has not been made because the differences are insignificant.
4. As more fully described in the Company's Annual Report, Intel enters into derivative financial instruments to reduce financial market risks. These instruments are used to hedge foreign currency, equity market and interest rate exposures of underlying assets, liabilities and other obligations. The Company follows accounting policies for these instruments based on the Company's designation as a hedging transaction. The criteria the Company uses for designating an instrument as a hedge include its effectiveness in risk reduction and one-to-one matching to underlying transactions. Gains and losses on foreign currency forwards and options that are designated and effective as hedges of anticipated transactions are deferred and recognized in income in the same period as the hedged transactions. Gains and losses on foreign currency forwards, options, and swaps that are designated and effective as hedges of existing transactions are recorded on the balance sheet or recognized in income in the same period as the hedged transactions. Income or expense on swaps is accrued as an adjustment to the yield of the related investments or debt they hedge. Gains and losses on any instruments not meeting the above criteria are recognized in income in the current period.
5. During the second quarter of 1995, the Company repurchased and retired 9.0 million shares of Common Stock at an aggregate cost of \$500 million. As of July 1, 1995, after reserving shares to cover outstanding put warrants, approximately 29.3 million shares of Common Stock remained available under the repurchase program (total authorization of 110 million shares) authorized by the Board of Directors.

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PART I - (continued)

Item 1. Financial Statements (continued)

Intel Corporation, Notes to Consolidated Condensed Financial Statements

6. In a series of private placements during the 1991-1995 period, the Company sold put warrants that entitle the holder of each warrant to sell one share of Common Stock to the Company, at a specified price, if the holder exercises the warrant. Activity during the first half of 1995 is summarized as follows:

<TABLE>

(In millions)	Cumulative Proceeds Received	Put Warrants Outstanding	
		Number of Warrants	Potential Obligation
<S>	<C>	<C>	<C>
December 31, 1994	\$ 194	25	\$ 744
Sales	16	7	258
Expirations	--	(6)	(181)
	-----	-----	-----
April 1, 1995	210	26	821
Expirations	--	(8)	(221)
	-----	-----	-----
July 1, 1995	\$ 210	18	\$ 600
	=====	=====	=====

</TABLE>

The amount related to the Company's potential buyback obligation has been reclassified from stockholders' equity and recorded as put warrants. The 18 million put warrants outstanding at July 1, 1995 expire on various dates between July 1995 and February 1996 and have exercise prices ranging from \$27.50 to \$38.12 per share. There is no material dilutive effect on earnings per share for the periods presented.

7. On April 27, 1995 the Board of Directors of Intel Corporation declared a two for one stock split effected in the form of a stock distribution paid on June 16, 1995 to stockholders of record as of May 19, 1995. All share and per share amounts reported herein have been adjusted to reflect the effects of this split. In addition, the Board of Directors declared an increased cash dividend (on a post split basis) of \$0.04 per share payable on September 1, 1995 to stockholders of record on August 1, 1995.

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

Results of Operations - Second Quarter of 1995 Compared to Second Quarter of 1994

Revenues for Q2 1995 increased by 41% compared to Q2 1994. Higher volumes of the rapidly ramping Pentium(R) processor family, partially offset by lower prices, and increased sales of associated board level products drove the overall growth in revenues. Revenues from the Intel486(TM) microprocessor family declined due to lower prices and a shift in market demand toward the Company's more advanced microprocessors. Chipsets and flash memory also showed significant growth between these periods.

Cost of sales rose by 56% from Q2 1994 to Q2 1995, primarily due to increased unit volumes, including higher proportions of board level products. Lower prices for certain microprocessor products, as well as the higher proportion of board products sold, contributed to the decline in gross margin percentage from 58% in Q2 1994 to 54% in Q2 1995.

A significant and growing portion of the Company's revenues, and a majority of its gross margin, are derived from sales of the Pentium processor family. During Q2 1995 revenues from sales of the Pentium processor family exceeded revenues from sales of the Intel486 family of Microprocessors. Sales of the Intel486 microprocessor family represent a significant but declining portion of the Company's revenues and margins.

Research and development expenses and marketing, general and administrative expenses rose by a total of \$121 million, or 19%, from Q2 1994 to Q2 1995. Spending for internal microprocessor development programs and personnel-related expenses accounted for most of the increase.

Interest and other income increased by \$37 million due primarily to higher average interest rates.

The slight increase in interest expense between Q2 1994 and Q2 1995 is primarily the result of higher average borrowing balances, offset by higher construction related interest capitalization.

The Company enters into investments and corresponding interest rate swaps to preserve principal while enhancing the yield on its investment portfolio without significantly increasing risk, and enters into forward contracts, options and swaps to hedge currency, market and interest rate exposures. Gains and losses on these instruments are generally offset by those on the underlying hedged transactions; as a result, there was no net impact on the Company's financial results in either Q2 1994 or Q2 1995.

The provision for taxes grew by \$151 million, or 41%, primarily due to increased pretax income and, to a lesser extent, an increase in the effective tax rate from 36.5% for Q2 1994 to 37.2% for Q2 1995. The higher rate for 1995 reflects primarily the diminishing impact of certain tax benefits due to increased profitability.

#### Results of Operations - First Half of 1995 Compared to First Half of 1994

Revenues for the first half of 1995 increased by 37% compared to the first half of 1994. Higher volumes of the rapidly ramping Pentium processor family, partially offset by lower prices, and increased sales of associated board level products drove the overall growth in revenues. Revenues from the Intel486 microprocessor family declined due to lower prices and a shift in market demand toward the Company's more advanced microprocessors. Chipsets and flash memory also showed significant growth between these periods.

Cost of sales rose by 50% from the first half of 1994 to the first half of 1995, primarily due to increased unit volumes, including higher proportions of board level products. Lower prices for certain microprocessor products, as well as the higher proportion of board products sold, contributed to the decline in gross margin percentage from 58% for the first half of 1994 to 54% for the first half of 1995.

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#### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

##### Results of Operations - First Half of 1995 Compared to First Half of 1994 (continued)

A significant and growing portion of the Company's revenues, and a majority of its gross margin, are derived from sales of the Pentium processor family. During the first half of 1995 revenues from sales of the Pentium processor family exceeded revenues from sales of the Intel486 family of Microprocessors. Sales of the Intel486 microprocessor family represent a significant but declining portion of the Company's revenues and margins.

Research and development expenses and marketing, general and administrative expenses rose by a total of \$193 million, or 15%, from the first half of 1994 to the first half of 1995. Spending for internal microprocessor development programs and personnel-related expenses accounted for most of the increase.

Interest and other income increased by \$138 million or 137%. Other income for Q1 1995 included \$58 million related to the settlement of litigation with Advanced Micro Devices, Inc. and \$23 million from the sale of a portion of Intel's interest in VLSI Technology, Inc. Higher interest rates in 1995 were also a factor in the overall increase in interest and other income.

The decrease in interest expense between the first half of 1994 and the first half of 1995 is the result of higher construction-related interest capitalization and offset by higher average borrowing balances.

The Company enters into investments and corresponding interest rate swaps to preserve principal while enhancing the yield on its investment portfolio without significantly increasing risk, and enters into forward contracts, options and swaps to hedge currency, market and interest rate exposures. Gains and losses on these instruments are generally offset by those on the underlying hedged transactions; as a result, there was no net impact on the Company's financial results in either the first half of 1994 or the first half of 1995.

The provision for taxes grew by \$324 million, or 45%, primarily due to increased pretax income and, to a lesser extent, an increase in the effective tax rate from 36.5% for the first half of 1994 to 37.2% for the first half of 1995. The higher rate for 1995 reflects primarily the diminishing impact of certain tax benefits due to increased profitability.

#### FINANCIAL CONDITION

The Company's financial condition remains strong. As of July 1, 1995, Intel's

portfolio of cash and investments totaled \$3.9 billion, down from \$4.5 billion at December 31, 1994. The Company's other sources of liquidity include credit lines and commercial paper borrowing arrangements that exceed \$1.7 billion in the aggregate. The Company also retains the authority to issue an aggregate of approximately \$1.4 billion in debt, equity and other securities under SEC shelf registration statements.

The Company funded most of its investment needs during the first half of 1995 with cash generated from operations, which totaled \$1.56 billion. Major uses of cash during the first half of 1995 included capital spending of \$1.61 billion for property plant, and equipment, primarily for microprocessor manufacturing capacity.

Inventory levels, particularly raw material and work in process, increased significantly during the first half of 1995, as the Company replenished inventories written down in Q4 1994 in connection with the floating point divide problem in the Pentium processor. The increase in accounts receivable over this period is due primarily to strong June billings. During the period from January 1 to July 1, 1995, the Company experienced an increase in its concentration of credit risk due to increasing trade receivables derived from sales to manufacturers of micro-computer systems. No single customer accounted for 10% or more of net revenues during the three and six month period ended July 1, 1995. The Company's 10 largest customers accounted for approximately 49% and 47% of net revenues for the three and six month periods ended July 1, 1995, respectively. At July 1, 1995, these customers accounted for approximately 47% of net accounts receivable.

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

FINANCIAL CONDITION (continued)

Key financing activities in the first half of 1995 included the repurchase of 13 million shares of Common Stock for \$650 million as part of the Company's authorized stock repurchase program (9 million shares in Q2 1995 for \$500 million). Subsequent to the end of Q2 1995, the Company repurchased 3.9 million shares of Common Stock at a total cost of \$259 million. Early in Q3 1995, 7.5 million put warrants expired unexercised. As of August 9, 1995, Intel had the potential obligation to repurchase 17.5 million shares of Common Stock at an aggregate cost of \$794 million under outstanding put warrants. As of August 9, 1995, 26.4 million shares remained available for repurchase under the repurchase authorization, after reserving shares to cover outstanding put warrants. In addition, during the quarter, the Company redeemed the \$187 million in face value of zero coupon notes which matured May 15, 1995.

Management considers cash flow from operations and available sources of liquidity to be adequate for planned capital expenditure programs, working capital requirements and quarterly cash dividend payouts.

OUTLOOK

Future trends for revenue and profitability remain difficult to predict, despite the strong financial results described above. The Company continues to face many risks and uncertainties, including business conditions and growth in the personal computer industry and general economy; competitive factors, such as rival chip architectures, imitative microprocessors, and price pressures; risk of non-payment of accounts receivable due to the increased concentration; manufacturing capacity; and litigation involving intellectual property. Management continues to monitor orders and the substantial and growing accounts receivable balances with its largest customers.

As part of its strategic goal to double performance at major system price points, the Company may continue to cut microprocessor prices aggressively and systematically. Future distortion of price maturity curves could occur as imitation products enter the market in significant volume or alternative architectures gain market acceptance. The outlook for Pentium processor shipments in 1995 remains dependent on several business factors, including continued success in the manufacturing ramp, availability of other components to build personal computers, and market demand, including microprocessor product mix.

The Company expects gross margin percentage to remain in the low 50's range in Q3 1995. Over the longer term, various factors, including higher unit volumes; changes in product mix; and costs and yield issues associated with initiating production at new factories will continue to affect the amount and variability of cost of sales in future quarters.

The Company recently increased its 1995 capital investment budget from an earlier estimate of \$3.2 billion to \$3.5 billion. The Company has increased its planned 1995 capital spending for manufacturing due to anticipated demand growth for the Company's microprocessor products. Spending on strategic marketing and technology development programs is also expected to grow from Q2

Intel believes that it has the product offerings and competitive resources needed for continued success, but precise revenue and profitability trends cannot be predicted at this time.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to Item 3. Legal Proceedings, in the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994 for a description of the following legal proceeding:

CONSUMER CLASS ACTION SUITS

- Machtinger vs. Intel, Cook Co. Circuit Court, IL (94-C-7300)
- Anthony Uzzo & Co. vs. Intel, Santa Clara Co. Superior Court (CV745729)
- Liberty Bell Equip. vs. Intel, Santa Clara Co. Superior Court (CV745803)
- Sloane vs. Intel, Santa Clara Co. Superior Court (CV745876)
- Klein vs. Intel, Santa Clara Co. Superior Court (CV745895)
- Scalzo vs. Intel, Santa Clara Co. Superior Court (CV745924)
- Rep. Electronic Products vs. Intel and Dell, Wayne Co. Circuit Court, MI (94-435132CK)
- Fingold vs. Intel, Santa Clara Co. Superior Court (CV746031)
- Lees et al vs. Intel, Camden Co. Superior Court, NJ (L 11508 94)
- Kurtz, Orman vs. Intel, Santa Clara Co. Superior Court (CV746116)
- Data Technology Services vs. Intel, U.S.D.C., Dist. of CO (94-N-2886)
- Carney vs. Intel, Santa Clara Co. Superior Court (CV746128)

On June 22, 1995, the court approved the substantive provisions of the previously-entered settlement and reserved judgment on an attorneys' fees issue. The settlement becomes final once the appeal period has run or any appeals have been decided.

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

At Intel Corporation's Annual Meeting of Stockholders held on April 28, 1995, the following proposals were adopted or rejected by the margins indicated. Due to the fact that the vote was held prior to the effective date of the two for one stock split, the following results are presented on a pre-split basis.

<TABLE>

	NUMBER OF SHARES	
	VOTED FOR	WITHHELD
<S>	<C>	<C>
1. To elect a board of directors to hold office until the next annual meeting of stockholders and until their respective successors, if any, have been elected or appointed.		
C. Barrett	360,965,257	463,914
W. Chen	360,971,261	457,910
A. Grove	360,969,578	459,593
J. Guzy	360,968,272	460,898
G. Moore	360,981,161	448,010
M. Palevsky	360,883,075	546,096
A. Rock	360,975,864	453,306
J. Shaw	360,982,236	446,935
L. Vadasz	360,969,538	459,632
D. Yoffie	360,954,248	474,923
C. Young	360,969,438	459,733

</TABLE>

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PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS (CONTINUED)

<TABLE>

	Number of Shares			
	Voted For	Voted Against	Abstained	No Vote
<S>	<C>	<C>	<C>	<C>
2. To ratify the appointment of the accounting firm of Ernst & Young, LLP as independent auditors for the Company for the current year.	360,634,257	266,146	528,768	0



3.	To approve the amendment and restatement of the Company's Executive Officer Bonus Plan.	334,027,571	14,182,363	2,010,256	11,208,980
4.	To take action on a stockholder proposal requesting that the Company institute an executive compensation review in addition to the current review.	11,537,063	298,897,737	5,918,469	45,075,901
5.	To take action on a stockholder proposal requesting that the Company formally adopt a policy allowing third parties and community organizations to perform inspections of the Company's facilities and assess the Company's management of environmental, health and safety issues.	14,155,944	277,689,983	24,508,342	45,724,901

</TABLE>

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- 10.1 First Amendment dated July 19, 1995 to Intel Corporation 1984 Stock Option as amended and restated effective May 4, 1994.
- 11.1 Statement re: computation of earnings per share.
- 12.1 Statement setting forth the computation of ratios of earnings to fixed charges.
- 27 Financial Data Schedule.

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SIGNATURES

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

INTEL CORPORATION  
(Registrant)

Date: August 10, 1995

By: \s\ Andy D. Bryant  
-----  
Andy D. Bryant  
Vice President and  
Chief Financial and  
Principal Accounting Officer

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

&lt;TABLE&gt;

	Three Months Ended		Six Months Ended	
	Jul. 1, 1995	Jul. 2, 1994	Jul. 1, 1995	Jul. 2, 1994
<S>	<C>	<C>	<C>	<C>
PRIMARY SHARES CALCULATION:				
Reconciliation of weighted average number of shares outstanding to amount used in primary earnings per share computation:				
Weighted average number of shares outstanding	828	830	828	834
Add shares issuable from assumed exercise of options and warrants	60	44	52	45
	---	---	---	---
Weighted average number of shares outstanding as adjusted	888	874	880	879
	===	===	===	===
FULLY DILUTED SHARES CALCULATION:				
Reconciliation of weighted average number of shares outstanding to amount used in fully diluted earnings per share computation:				
Weighted average number of shares outstanding	828	830	828	834
Add shares issuable from assumed exercise of options and warrants	69	44	69	46
	-----	-----	-----	-----
Weighted average number of shares outstanding as adjusted	897	874	897	880
	=====	=====	=====	=====
NET INCOME	\$ 879	\$ 640	\$1768	\$1257
	=====	=====	=====	=====
PRIMARY EARNINGS PER SHARE	\$ .99	\$ .73	\$2.01	\$1.43
	=====	=====	=====	=====
(1) FULLY DILUTED EARNINGS PER SHARE	\$ .98	\$ .73	\$1.97	\$1.43
	=====	=====	=====	=====

&lt;/TABLE&gt;

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

(2) On April 27, 1995 the Board of Directors of Intel Corporation declared a two for one stock split effected in the form of a stock distribution paid on June 16, 1995 to stockholders of record as of May 19, 1995. All share and per share amounts reported herein have been adjusted to reflect the effects of this split.

Exhibit 12.1  
<TABLE>

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

(in millions)

	Six Months Ended	
	Jul. 1, 1995	Jul. 2, 1994
<S>	<C>	<C>
Income before taxes	\$ 2,815	\$ 1,980
Add fixed charges net of capitalized interest	22	25
Income before taxes and fixed charges (net of capitalized interest)	\$ 2,837	\$ 2,005
Fixed charges:		
Interest*	\$ 17	\$ 20
Capitalized interest	23	12
Estimated interest component of rental expense	5	5
Total	\$ 45	\$ 37
Ratio of earnings before taxes and fixed charges, to fixed charges	63.0	54.2

</TABLE>

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

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

This schedule contains summary information extracted from Intel Corporation's CONSOLIDATED CONDENSED STATEMENTS OF INCOME and CONSOLIDATED CONDENSED BALANCE SHEETS and is qualified in its entirety by reference to such financial statements.

</LEGEND>

<S>

<C>

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<FN>

<F1>Item consists of put warrants.

<F2>Item shown net of allowance, consistent with the balance sheet presentation.

<F3>Item consists of research and development.

</FN>

</TABLE>

First Amendment to the  
Intel Corporation 1984 Stock Option Plan  
(Amended and Restated Effective May 4, 1994)

The Intel Corporation 1984 Stock Option Plan (the "Plan") is hereby amended to reduce the number of options granted to non-employee directors.

1. NON-EMPLOYEE DIRECTOR GRANTS. The first sentence of the second paragraph is amended to read as follows:

"Options will be granted to non-employee directors as follows:  
Each new non-employee director will receive an initial grant of 5,000 shares at the time of his or her appointment to the position of director and each reelected non-employee director will receive annual grants of 5,000 shares on the date of the commencement of the regular annual stockholders' meeting, unadjusted by Section 7.(a) hereof."

2. EFFECTIVE DATE. This First Amendment is effective for options granted after August 1, 1995.