

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

FORM 10-Q

(Mark One)

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended September 28, 1996

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 (I.R.S. Employer
incorporation or organization) Identification No.)

2200 Mission College Boulevard, Santa Clara, California 95052-8119
(Address of principal executive offices) (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 filing requirements for the past 90 days. Yes X No

Shares outstanding of the Registrant's common stock:

Class	Outstanding at September 28, 1996
Common Stock, \$.001 par value	820.6 million

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		Nine Months Ended	
	Sept. 28, 1996	Sept. 30, 1995	Sept. 28, 1996	Sept. 30, 1995
Net revenues	\$ 5,142	\$ 4,171	\$14,407	\$11,622
Costs and expenses:				
Cost of sales	2,201	2,008	6,772	5,422
Research and development	449	334	1,288	944
Marketing, general and administrative	565	440	1,600	1,274
Operating costs and expenses	3,215	2,782	9,660	7,640
Operating income	1,927	1,389	4,747	3,982
Interest expense	(6)	(7)	(14)	(24)
Interest and other income, net	97	101	262	340
Income before provision for taxes	2,018	1,483	4,995	4,298
Provision for taxes	706	552	1,748	1,599

Net income	\$ 1,312	\$ 931	\$ 3,247	\$ 2,699
	=====	=====	=====	=====
Earnings per common and common equivalent share	\$ 1.48	\$ 1.05	\$ 3.67	\$ 3.06
	=====	=====	=====	=====
Cash dividends declared per common share	\$ 0.05	\$ 0.04	\$ 0.14	\$ 0.11
	=====	=====	=====	=====
Weighted average number of common and common equivalent shares outstanding	885	889	884	883
	=====	=====	=====	=====

(See Notes to Consolidated Condensed Financial Statements.)

PART I - (continued)

Item 1. Financial Statements (Continued)

Intel Corporation Consolidated Condensed Balance Sheets (in millions)	Sept. 28, 1996	Dec. 30, 1995
	-----	-----
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,513	\$ 1,463
Short-term investments	2,307	995
Accounts receivable, net	3,488	3,116
Inventories:		
Raw materials	320	674
Work in process	712	707
Finished goods	338	623
	-----	-----
	1,370	2,004
	-----	-----
Deferred tax assets	430	408
Other current assets	107	111
	-----	-----
Total current assets	11,215	8,097
	-----	-----
Property, plant and equipment, at cost	13,621	11,792
Less: Accumulated depreciation	(5,363)	(4,321)
	-----	-----
Property, plant and equipment, net	8,258	7,471
Long-term investments	1,407	1,653
Other assets	192	283
	-----	-----
TOTAL ASSETS	\$21,072	\$17,504
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 409	\$ 346
Accounts payable	790	864
Accrued compensation and benefits	825	758
Accrued advertising	331	218
Other accrued liabilities	506	328
Deferred income on shipments to distributors	342	304
Income taxes payable	803	801
	-----	-----
Total current liabilities	4,006	3,619
	-----	-----
Long-term debt	702	400
Deferred tax liabilities	853	620
Put warrants	547	725
Stockholders' equity:		
Preferred stock	--	--
Common stock and capital in excess of par value	2,830	2,583
Retained earnings	12,134	9,557
	-----	-----
Total stockholders' equity	14,964	12,140
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$21,072	\$17,504
	=====	=====

(See Notes to Consolidated Condensed Financial Statements.)

PART I - (continued)

Item 1. Financial Statements (Continued)

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

	Nine Months Ended	
	Sept. 28, 1996	Sept. 30, 1995
Cash flows provided by (used for) operating activities:		
Net income	\$ 3,247	\$ 2,699
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,369	985
Net loss on retirements of property, plant and equipment	78	51
Amortization of debt discount	--	9
Change in deferred tax assets and liabilities	158	185
Changes in assets and liabilities:		
(Increase) in accounts receivable	(372)	(1,383)
Decrease (increase) in inventories	634	(941)
Decrease (increase) in other assets	38	(269)
(Decrease) increase in accounts payable	(74)	366
Increase in accrued compensation and benefits	67	42
Increase in income taxes payable	2	457
Increase (decrease) in other liabilities	321	(145)
Tax benefit from employee stock plans	98	94
Purchases of trading assets	(75)	--
Gain on trading assets	(5)	--
Total adjustments	2,239	(549)
Net cash provided by operating activities	5,486	2,150
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(2,234)	(2,570)
Purchases of long-term, available-for-sale investments	(40)	(98)
Sales of long-term, available-for-sale investments	--	114
Maturities and other changes in available-for-sale investments, net	(732)	961
Net cash (used for) investing activities	(3,006)	(1,593)
Cash flows provided by (used for) financing activities:		
Increase in short-term debt, net	63	397
Additions to long-term debt	300	--
Proceeds from sales of shares through employee stock plans and other	225	183
Proceeds from sales of put warrants	56	64
Repurchase and retirement of common stock	(967)	(971)
Payment of dividends to stockholders	(107)	(83)
Net cash (used for) financing activities	(430)	(410)
Net increase in cash and cash equivalents	\$2,050	\$ 147
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 35	\$ 67
Income taxes	\$1,384	\$ 863

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

(See Notes to Consolidated Condensed Financial Statements.)

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 30, 1995. 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 30, 1995.

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

	Three Months Ended		Nine Months Ended	
	Sept. 28, 1996	Sept. 30, 1995	Sept. 28, 1996	Sept. 30, 1995
Interest income	\$ 91	\$ 61	\$249	\$210
Foreign currency gains	2	8	16	18
Other income (expense), net	4	32	(3)	112
Total	\$ 97	\$101	\$262	\$340

Other income for the nine months ended September 30, 1995 included approximately \$58 million from 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 Technologies, Inc. (both occurring in the first quarter of 1995), and \$37 million from the sale of a portion of the Company's interest in Altera Corporation in the third quarter of 1995.

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. The Company's available-for-sale investments are reported at fair value, with unrealized gains and losses, net of tax, recorded in stockholders' equity. 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. Beginning in the first quarter of 1996, the Company purchased securities classified as trading assets. The Company's trading assets (\$80 million at September 28, 1996) are held to generate returns to 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 on trading assets 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.

5. 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 and interest rate market exposures of underlying assets, liabilities and other obligations. The Company does not use derivative financial instruments for speculative or trading purposes. The Company's accounting policies for these instruments are based on the Company's designation of such instruments as hedging transactions. The criteria the Company uses for designating an instrument as a hedge include its effectiveness in risk reduction and one-to-one matching of derivative instruments to underlying transactions.

(continued)

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. Income or expense on swaps is accrued as an adjustment to the yield of the related investments or debt they hedge.

6. During the third quarter of 1996, the Company repurchased 8.0 million shares of Common Stock under the Company's authorized repurchase program at a cost of \$598 million. As of September 28, 1996, after reserving shares to cover the outstanding put warrants, approximately 19.3 million shares remained available under the repurchase program (total authorization of 110 million shares) authorized by the Board of Directors. (See Item 2. Management's Discussion and Analysis for subsequent activity.)
7. In a series of private placements during the 1991-1996 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 nine months of 1996 is summarized as follows:

(In millions)	Cumulative Proceeds Received	Put Warrants Outstanding	
		Number Of Warrants	Potential Obligation
December 30, 1995	\$ 279	12.0	\$ 725
Sales	18	3.0	175
Exercises		(1.8)	(108)
Expirations	--	(1.5)	(58)
March 30, 1996	\$ 297	11.7	\$734
Sales	18	3.0	202
Expirations	--	(3.0)	(186)
June 29, 1996	\$ 315	11.7	\$ 750
Sales	20	3.0	226
Expirations	--	(6.2)	(429)
September 28, 1996	\$ 335	8.5	\$ 547

The amount related to the Company's potential buyback obligation has been reclassified from Stockholders' Equity and recorded as put warrants. The 8.5 million put warrants outstanding on September 28, 1996 expire on various dates between November 1996 and August 1997 and have exercise prices ranging from \$56.25 to \$80.75 per share, with an average exercise price of \$64. There is no material dilutive effect on earnings per share for the periods presented. (See Item 2. Management's Discussion and Analysis for subsequent activity.)

8. On March 29, 1995, Thorn EMI North America Inc. (EMI Group, NA) brought suit in Federal 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. EMI may appeal this decision.
9. In August 1996 the Company entered into a private reverse repurchase arrangement under which it borrowed \$300 million, payable in 2001, at a current effective borrowing rate of LIBOR less 1.5%. The funds received under this arrangement are available for general corporate purposes.

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

Revenues for Q3 1996 increased by 23% compared to Q3 1995. Higher volumes of the rapidly ramping Pentium(TM) processor family, partially offset by lower processor prices and decreasing revenues from sales of related board level products, drove the overall growth in revenues. Revenues from the Intel486(TM) microprocessor family declined substantially, primarily due to a major shift in market demand toward the Company's more advanced microprocessors. Chipsets and flash memory also showed significant revenue growth between these periods.

Cost of sales rose by 10% from Q3 1995 to Q3 1996, primarily due to increased unit volumes. Gross margin was 57% in Q3 1996 versus 52% in Q3 1995. The increase in gross margin is due primarily to a shift in the mix to higher margin products.

A majority and growing portion of the Company's revenues, and a substantial majority of its gross margin, are derived from sales of the Pentium processor family including related board level products. Although sales of the Intel486 microprocessor family represented a significant portion of Q3 1995 revenues and gross margin, revenues and gross margin for these products were negligible for Q3 1996.

Research and development expenses and marketing, general and administrative expenses rose by a total of \$240 million, or 31%, from Q3 1995 to Q3 1996. Spending for internal product and process development programs, personnel related spending and Intel Inside(R) and other advertising and marketing expenses accounted for most of the increase.

Interest and other income for Q3 1996 decreased by \$4 million from the prior year due primarily to the fact that Q3 1995 included a \$37 million pretax gain on the sale of a portion of Intel's equity interest in another company, offset partially by higher average investment balances in Q3 1996.

The Company utilizes investments and corresponding interest rate swaps to preserve principal while enhancing the yield on its investment portfolio without significantly increasing risk, and uses forward contracts, options and swaps to hedge foreign currency, equity and interest rate market 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 Q3 1996 or Q3 1995 from hedging activities.

The provision for taxes increased by \$154 million, or 28%, primarily as a result of higher pretax earnings in 1996. In addition, the effective tax rate decreased from 37.2% for Q3 1995 to 35% for Q3 1996.

Results of Operations - First Nine Months of 1996 Compared to First Nine Months of 1995

Revenues for the first nine months of 1996 increased by 24% compared to the first nine months of 1995. Higher volumes of the rapidly ramping Pentium processor family, partially offset by lower processor prices and decreasing revenues from sales of related board level products drove the overall growth in revenues. Revenues from the Intel486 microprocessor family declined substantially, primarily due to a major shift in market demand toward the Company's more advanced microprocessors. Chipsets and flash memory also showed significant revenue growth between these periods.

Cost of sales rose by 25% from the first nine months of 1995 to the first nine months of 1996, primarily due to increased unit volumes. Gross margin was 53% in the first nine months of 1996 and 53% in the first nine months of 1995.

Results of Operations - First Nine Months of 1996 Compared to First Nine Months of 1995 (continued)

A majority and growing portion of the Company's revenues, and a substantial majority of its gross margin, are derived from sales of the Pentium processor family including related board level products. Although sales of the Intel486 microprocessor family represented a significant portion of revenues and gross margin in the first nine months of 1995, revenues and gross margin for these products were negligible for the first nine months of 1996.

Research and development expenses and marketing, general and administrative expenses rose by a total of \$670 million, or 30%, from

the first nine months of 1995 to the first nine months of 1996. Spending for internal product and process development programs, personnel related spending and Intel Inside and other advertising and marketing expenses accounted for most of the increase.

Interest and other income for the first nine months of 1996 decreased by \$78 million over the prior year due primarily to the gains in the first nine months of 1995 from the settlement of litigation with Advanced Micro Devices, Inc. and the sale of a portion of Intel's interest in certain equity investments, partially offset by higher average investment balances.

The \$10 million decrease in interest expense between the first nine months of 1995 and the first nine months of 1996 is primarily the result of lower weighted average borrowing balances.

The Company utilizes investments and corresponding interest rate swaps to preserve principal while enhancing the yield on its investment portfolio without significantly increasing risk, and uses forward contracts, options and swaps to hedge foreign currency, equity and interest rate market 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 nine months of 1996 or the first nine months of 1995 from hedging activities.

The provision for taxes increased by \$149 million from the first nine months of 1995 to the first nine months of 1996, primarily due by an increase in pretax earnings in 1996. In addition, the effective tax rate decreased from 37.2% for the first nine months of 1995 to 35% for the first nine months of 1996.

Financial Condition

The Company's financial condition remains very strong. As of September 28, 1996, Intel's portfolio of cash and investments totaled \$7.23 billion, up from \$4.11 billion at December 30, 1995. The Company's other sources of liquidity include credit lines and commercial paper borrowing arrangements that exceed \$1.8 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 nine months of 1996 with cash generated from operations, which totaled \$5.49 billion. Major uses of cash during the first nine months of 1996 included capital spending of \$2.23 billion for property, plant and equipment, primarily for microprocessor manufacturing capacity and \$967 million to buy back 14.1 million shares of common stock. Other sources of cash during the first nine months of 1996 included \$300 million under a private reverse repurchase arrangement and \$225 million in proceeds from the sale of shares primarily pursuant to employee stock plans.

Inventory levels, particularly raw material and finished goods, decreased significantly during the first nine months of 1996, primarily attributable to the sell-through of purchased parts inventory and lower costs of manufacturing in the first nine months of 1996.

The Company's five largest customers accounted for approximately 30% of net revenues for the nine month period ended September 28, 1996. At September 28, 1996, these customers accounted for approximately 25% of net accounts receivable.

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

Financial Condition (continued)

Key financing activities in the first nine months of 1996 included the repurchase of 14.1 million shares of Common Stock for \$967 million as part of the Company's authorized stock repurchase program, including 1.8 million shares for \$108 million upon the exercise of outstanding put warrants. The Company also sold 9 million put warrants, receiving proceeds of \$56 million, while 10.7 million outstanding put warrants expired unexercised including 3.5 million issued in Q2 and Q3 1996 which expired upon the Company's stock price reaching certain levels above the exercise price for such warrants. Through November 11, 1996, 3.0 million put warrants expired unexercised, including 1 million put

warrants issued in Q3 which expired upon the Company's stock price reaching certain levels above the exercise price for such warrants. As of November 11, 1996, Intel had the potential obligation to repurchase 5.5 million shares of Common Stock at an aggregate cost of \$337 million under outstanding put warrants. The exercise price of these warrants ranges from \$56 to \$69 per share, with an average exercise price of \$61 per share. As of November 11, 1996, 22.3 million shares remained available for repurchase under the repurchase authorization, after reserving shares to cover outstanding put warrants.

Management considers cash flow from operations and available sources of liquidity to be adequate to meet business requirements in the foreseeable future, including planned capital expenditure programs, working capital requirements, the put warrant obligation and the dividend program.

Outlook

This outlook section contains a number of forward-looking statements, all of which are based on current expectations. Actual results may differ materially.

The Company's book-to-bill ratio was above 1.0 for Q3 1996 and, based upon current strength in bookings and billings, the Company expects revenue for the fourth quarter of 1996 to be significantly higher than third quarter revenue of \$5.14 billion. Fourth quarter results are dependent upon strong seasonal sales of PCs and on continued billings strength through the remainder of the quarter. Revenue is also a function of the distribution of microprocessor speeds, which is difficult to forecast. Because of the large price difference between microprocessors with the highest and lowest speeds, this distribution affects the average price Intel will realize and has a large impact on Intel's revenues.

Intel's strategy has been and continues to be to introduce ever higher performance microprocessors and work with the software industry to develop compelling applications that can take advantage of this higher performance, thus driving demand toward the newer products. In line with this strategy, the Company continues to be on track to position the 120-MHz and 133-MHz Pentium processors as the entry-level processors in the fourth quarter of 1996. If the market demand does not continue to grow and move rapidly toward higher performance products, revenue and gross margin may be impacted, the manufacturing capacity installed might be under-utilized and capital spending may be slowed. The Company may continue to reduce microprocessor prices aggressively and systematically to bring its technology to market. The Company announced that it plans to hold prices on certain members of the Pentium processor family through the end of 1996. The Company's pricing policy is subject to change.

Assuming continued strength in billings, the Company expects gross margin percentage in the fourth quarter to be above the third quarter's level of 57 percent. Intel's gross margin percentage varies depending in part on the mix of microprocessors and related motherboards within a product family because motherboards generally have lower gross margin percentages than microprocessors. Various other factors, including unit volumes and cost and yield issues, processor speed mix 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.

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

Outlook (continued)

To implement its strategy, Intel continues to build capacity to produce high-performance microprocessors and other products. The Company currently expects capital expenditures for 1996 not to exceed \$3.4 billion. This spending plan is dependent upon delivery times of various machines and construction schedules for new facilities. The current estimate is lower than the previous estimate of \$3.6 billion due to delays in initiating construction of administrative facilities.

Spending on research and development and marketing, general and administrative expenses is expected to increase about 17 to 20 percent in the fourth quarter of 1996 from the \$1.01 billion in the third quarter of 1996, due primarily to seasonally higher advertising costs and revenue dependent expenses such as co-marketing programs. Expense

projections in the fourth quarter of 1996 are subject to changes in revenue dependent expenses.

The Company's future results of operations and the other forward looking statements contained in this outlook involve a number of risks and uncertainties. In addition to the factors discussed above, among the other factors that could cause actual results to differ materially are the following: business conditions and growth in the personal computer industry and general economy; changes in customer order patterns, including timing of delivery and changes in seasonal fluctuations in PC buying patterns; competitive factors, such as rival chip architectures, competing software-compatible microprocessors, acceptance of new products and price pressures; risk of inventory obsolescence due to shifts in market demand; variations in inventory valuation; timing of software industry product introductions; continued success in technological advances, including the manufacturing ramp; excess or shortage of manufacturing capacity; risks associated with foreign operations; changes in the mix of microprocessor speeds and related motherboards; costs and yield issues associated with production at factories; and litigation involving intellectual property and consumer issues.

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

A. Litigation

Reference is made to Item 3. Legal Proceedings, in the Registrant's Annual Report on Form 10-K for the year ended December 30, 1995 and Part II, Item 1. Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the quarterly periods ended April 1, 1996, and June 29, 1996 for a description of the following legal proceeding.

Thorn EMI North America, Inc. (EMI Group, NA)
vs. Intel, DEL (C95-199)

Subsequent to the June, 1996 "Markman" hearing, Intel filed a motion for summary judgment on the processes remaining at 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. EMI may appeal this decision.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended September 28, 1996.

SIGNATURES

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

INTEL CORPORATION

(Registrant)

Date: November 11, 1996

By: /s/Andy D. Bryant

Andy D. Bryant
Vice President and
Chief Financial and
Principal Accounting Officer

<TABLE>
 Exhibit 11.1

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

	Three Months Ended		Nine Months Ended	
	Sept. 28, 1996	Sept. 30, 1995	Sept. 28, 1996	Sept. 30, 1995
<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	822	822	823	826
Add shares issuable from assumed exercise of options and warrants	63	67	61	57
	-----	-----	-----	-----
Weighted average number of shares outstanding as adjusted	885	889	884	883
	=====	=====	=====	=====
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	822	822	823	826
Add shares issuable from assumed exercise of options and warrants	71	67	71	61
	-----	-----	-----	-----
Weighted average number of shares outstanding as adjusted	893	889	894	887
	=====	=====	=====	=====
NET INCOME	\$1,312	\$ 931	\$3,247	\$2,699
	=====	=====	=====	=====
PRIMARY EARNINGS PER SHARE	\$ 1.48	\$ 1.05	\$ 3.67	\$ 3.06
	=====	=====	=====	=====
(1) FULLY DILUTED EARNINGS PER SHARE	\$ 1.47	\$ 1.05	\$ 3.63	\$ 3.04
	=====	=====	=====	=====

(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.

</TABLE>

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

(in millions)

	Nine Months Ended	
	Sept. 29, 1996	Sept.30, 1995

Income before taxes	\$ 4,995	\$ 4,298
Add fixed charges net of capitalized interest	23	31
Income before taxes and fixed charges (net of capitalized interest)	\$ 5,018	\$ 4,329
Fixed charges:		
Interest*	\$ 14	\$ 24
Capitalized interest	23	32
Estimated interest component of rental expense	9	7
Total	\$ 46	\$ 63
Ratio of earnings before taxes and fixed charges, to fixed charges	109.7	68.7

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

<TABLE> <S> <C>

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

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<F1>Item consists of put warrants.

<F2>Item consists of research and development.

<F3>Item shown net of allowance, consistent with the balance sheet presentation.

</FN>

</TABLE>