

Consolidated statements of income

Three years ended December 28, 1996



(In millions except per share amounts)

	1996	1995	1994
Net revenues	\$ 20,847	\$ 16,202	\$ 11,521
Cost of sales	9,164	7,811	5,576
Research and development	1,808	1,296	1,111
Marketing, general and administrative	2,322	1,843	1,447
Operating costs and expenses	13,294	10,950	8,134
Operating income	7,553	5,252	3,387
Interest expense	(25)	(29)	(57)
Interest income and other, net	406	415	273
Income before taxes	7,934	5,638	3,603
Provision for taxes	2,777	2,072	1,315
Net income	\$ 5,157	\$ 3,566	\$ 2,288
Earnings per common and common equivalent share	\$ 5.81	\$ 4.03	\$ 2.62
Weighted average common and common equivalent shares outstanding	888	884	874

See accompanying notes.

Consolidated balance sheets

December 28, 1996 and December 30, 1995



(In millions except per share amounts)

	1996	1995
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,165	\$ 1,463
Short-term investments	3,742	995
Trading assets	87	-
Accounts receivable, net of allowance for doubtful accounts of \$68 (\$57 in 1995)	3,723	3,116
Inventories	1,293	2,004
Deferred tax assets	570	408
Other current assets	104	111
Total current assets	13,684	8,097
Property, plant and equipment:		
Land and buildings	4,372	3,145
Machinery and equipment	8,729	7,099
Construction in progress	1,161	1,548
	14,262	11,792
Less accumulated depreciation	5,775	4,321
Property, plant and equipment, net	8,487	7,471
Long-term investments	1,353	1,653
Other assets	211	283
Total assets	\$ 23,735	\$ 17,504
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 389	\$ 346
Accounts payable	969	864
Deferred income on shipments to distributors	474	304
Accrued compensation and benefits	1,128	758
Accrued advertising	410	218
Other accrued liabilities	507	328
Income taxes payable	986	801
Total current liabilities	4,863	3,619
Long-term debt	728	400
Deferred tax liabilities	997	620
Put warrants	275	725
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, \$.001 par value, 50 shares authorized; none issued	-	-
Common Stock, \$.001 par value, 1,400 shares authorized; 821 issued and outstanding in 1996 and 1995, and capital in excess of par value	2,897	2,583
Retained earnings	13,975	9,557
Total stockholders' equity	16,872	12,140
Total liabilities and stockholders' equity	\$ 23,735	\$ 17,504

See accompanying notes.

Consolidated statements of cash flows

Three years ended December 28, 1996



<i>(In millions)</i>	1996	1995	1994
Cash and cash equivalents, beginning of year	\$ 1,463	\$ 1,180	\$ 1,659
Cash flows provided by (used for) operating activities:			
Net income	5,157	3,566	2,288
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation	1,888	1,371	1,028
Net loss on retirements of property, plant and equipment	120	75	42
Amortization of debt discount	-	8	19
Change in deferred tax assets and liabilities	179	346	(150)
Changes in assets and liabilities:			
(Increase) in accounts receivable	(607)	(1,138)	(530)
Decrease (increase) in inventories	711	(835)	(331)
(Increase) in other assets	(7)	(251)	(57)
Increase in accounts payable	105	289	148
Tax benefit from employee stock plans	196	116	61
Purchase of trading assets	(75)	-	-
(Gain) on trading assets	(12)	-	-
Increase in income taxes payable	185	372	38
Increase in accrued compensation and benefits	370	170	44
Increase (decrease) in other liabilities	533	(73)	337
Total adjustments	<u>3,586</u>	<u>450</u>	<u>649</u>
Net cash provided by operating activities	<u>8,743</u>	<u>4,016</u>	<u>2,937</u>
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(3,024)	(3,550)	(2,441)
Purchases of available-for-sale investments	(4,683)	(685)	(3,168)
Sales of available-for-sale investments	225	114	10
Maturities and other changes in available-for-sale investments	2,214	1,444	2,740
Net cash (used for) investing activities	<u>(5,268)</u>	<u>(2,677)</u>	<u>(2,859)</u>
Cash flows provided by (used for) financing activities:			
Increase (decrease) in short-term debt, net	43	(179)	(63)
Additions to long-term debt	317	-	128
Retirement of long-term debt	-	(4)	(98)
Proceeds from sales of shares through employee stock plans and other	261	192	150
Proceeds from sales of put warrants	56	85	76
Repurchase and retirement of Common Stock	(1,302)	(1,034)	(658)
Payment of dividends to stockholders	(148)	(116)	(92)
Net cash (used for) financing activities	<u>(773)</u>	<u>(1,056)</u>	<u>(557)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,702</u>	<u>283</u>	<u>(479)</u>
Cash and cash equivalents, end of year	<u>\$ 4,165</u>	<u>\$ 1,463</u>	<u>\$ 1,180</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 51	\$ 182	\$ 76
Income taxes	\$ 2,217	\$ 1,209	\$ 1,366

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

Certain 1995 and 1994 amounts have been reclassified to conform to the 1996 presentation.

See accompanying notes.

Consolidated statements of stockholders' equity

Three years ended December 28, 1996



<i>(In millions)</i>	<i>Common Stock and capital in excess of par value</i>		<i>Retained earnings</i>	<i>Total</i>
	<i>Number of shares</i>	<i>Amount</i>		
Balance at December 25, 1993	837	2,194	5,306	7,500
Proceeds from sales of shares through employee stock plans, tax benefit of \$61 and other	12	215	-	215
Proceeds from sales of put warrants	-	76	-	76
Reclassification of put warrant obligation, net	-	(15)	(106)	(121)
Repurchase and retirement of Common Stock	(22)	(164)	(429)	(593)
Redemption of Common Stock Purchase Rights	-	-	(2)	(2)
Cash dividends declared (\$.115 per share)	-	-	(96)	(96)
Net income	-	-	2,288	2,288
Balance at December 31, 1994	827	2,306	\$ 6,961	\$ 9,267
Proceeds from sales of shares through employee stock plans, tax benefit of \$116 and other	13	310	-	310
Proceeds from sales of put warrants	-	85	-	85
Reclassification of put warrant obligation, net	-	61	(42)	19
Repurchase and retirement of Common Stock	(19)	(179)	(855)	(1,034)
Cash dividends declared (\$.15 per share)	-	-	(124)	(124)
Unrealized gain on available-for-sale investments, net	-	-	51	51
Net income	-	-	3,566	3,566
Balance at December 30, 1995	821	2,583	\$ 9,557	\$ 12,140
Proceeds from sales of shares through employee stock plans, tax benefit of \$196 and other	17	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	(17)	(269)	(925)	(1,194)
Cash dividends declared (\$.19 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	821	2,897	\$ 13,975	\$ 16,872

See accompanying notes.

Financial summary

Ten years ended December 28, 1996



(In millions)	Net investment in property, plant & equip.		Total assets	Long-term debt & put warrants		Stockholders' equity	Additions to property, plant & equipment	
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
1987	\$	891	\$ 2,499	\$	298	\$ 1,276	\$	302

(In millions - except per share amounts)	Net revenues	Cost of sales	Research & development	Operating income	Net income	Earnings per share	Dividends declared per share
1996	\$ 20,847	\$ 9,164	\$ 1,808	\$ 7,553	\$ 5,157	\$ 5.81	\$.19
1995	\$ 16,202	\$ 7,811	\$ 1,296	\$ 5,252	\$ 3,566	\$ 4.03	\$.15
1994	\$ 11,521	\$ 5,576	\$ 1,111	\$ 3,387	\$ 2,288	\$ 2.62	\$.115
1993	\$ 8,782	\$ 3,252	\$ 970	\$ 3,392	\$ 2,295	\$ 2.60	\$.10
1992	\$ 5,844	\$ 2,557	\$ 780	\$ 1,490	\$ 1,067	\$ 1.24	\$.05
1991	\$ 4,779	\$ 2,316	\$ 618	\$ 1,080	\$ 819	\$.98	\$ -
1990	\$ 3,921	\$ 1,930	\$ 517	\$ 858	\$ 650	\$.80	\$ -
1989	\$ 3,127	\$ 1,721	\$ 365	\$ 557	\$ 391	\$.52	\$ -
1988	\$ 2,875	\$ 1,506	\$ 318	\$ 594	\$ 453	\$.63	\$ -
1987	\$ 1,907	\$ 1,044	\$ 260	\$ 246	\$ 248	\$.34	\$ -

Financial information by quarter

(unaudited)



(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
Earnings per share		\$ 2.13	\$ 1.48	\$ 1.17	\$ 1.02
Dividends per share (A)	Declared	\$.05	\$.05	\$.05	\$.04
	Paid	\$.05	\$.05	\$.04	\$.04
Market price range Common Stock (B)	High	\$ 137.50	\$ 97.38	\$ 76.88	\$ 61.00
	Low	\$ 95.44	\$ 69.00	\$ 56.88	\$ 50.00
Market price range Step-Up Warrants (B)	High	\$ 98.38	\$ 58.88	\$ 39.31	\$ 28.50
	Low	\$ 56.75	\$ 31.75	\$ 24.00	\$ 21.63

(In millions--except per share data)

1995 for quarter ended		December 30	September 30	July 1	April 1
Net revenues		\$ 4,580	\$ 4,171	\$ 3,894	\$ 3,557
Cost of sales		\$ 2,389	\$ 2,008	\$ 1,805	\$ 1,609
Net income		\$ 867	\$ 931	\$ 879	\$ 889
Earnings per share		\$.98	\$ 1.05	\$ 0.99	\$ 1.02
Dividends per share (A)	Declared	\$.04	\$.04	\$.04	\$.03
	Paid	\$.04	\$.04	\$.03	\$.03
Market price range Common Stock (B)	High	\$ 72.88	\$ 76.44	\$ 65.63	\$ 44.25
	Low	\$ 56.75	\$ 58.63	\$ 42.75	\$ 31.81
Market price range Step-Up Warrants (B)	High	\$ 39.00	\$ 43.63	\$ 31.88	\$ 11.91
	Low	\$ 26.75	\$ 30.44	\$ 11.31	\$ 6.97

(A) Intel plans to continue its dividend program. However, dividends are dependent of future earnings, capital requirements and financial condition.

(B) Intel's Common Stock (symbol INTC) and 1998 Step-Up Warrants (symbol INTCW) are traded on The Nasdaq Stock Market and are quoted in the Wall Street Journal and other newspapers. Intel's Common Stock also trades on the Zurich, Basel and Geneva, Switzerland exchanges. At December 28, 1996, there were approximately 105,000 registered holders of Common Stock. All stock and warrant prices are closing prices per The Nasdaq Stock Market.