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Intersil falls far behind in next generation Wireless LAN products.

Intersil Holding Corp. (NASDAQ Symbol: ISIL, \$48 1/2) has been beaten in the race to develop and publicly demonstrate a 5-GHz Wireless Local Area Network ("WLAN") microchip set that conforms to the IEEE 802.11a standard. ISIL is the leader in selling microchip sets used in 2.4 GHz WLAN products that comply with the first generation IEEE 802.11b ("11b") operating standard. IEEE 802.11a ("11a") is the established operating standard for next generation WLAN products. The IEEE 802.11a standard has inherent advantages over 11b. ISIL does not market and has never shown samples of an 11a chipset. In September, at the Atlanta Networld+Interop trade show two companies, Atheros Communications, Inc. and Radiata, publicly demonstrated 11a WLAN products that use their own new highly integrated low cost microchip sets. The new 11a chip will enable manufacturers to produce cheaper products that are far more energy efficient, and that is nearly 5 times faster with greater range and less interference problems than ISIL based 11b WLAN products. 11a products use a less congested frequency and have 2.395 times more available spectrum bandwidth than ISIL based 11b products.

The new 11a chip set includes a radio on a single microchip and uses just two chips in total. ISIL's 11b solution uses five (5) chips. In addition to being far more integrated than ISIL's 11b slower and less efficient solution, the new 11a chips are all CMOS and 0.25-micron geometry. We believe that this integration, material and geometry advantage, along with the inherent superiority of the 11a over 11b, has the potential to make ISIL's 11b microchip set wholly uncompetitive. Therefore, we see no possibility for projected sales of ISIL's 11b products, which are main drivers of ISIL's stock, to remotely meet analyst's published expectations.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.