

To: Intersil Employees  
From: Dave Bell, CEO

I am pleased to announce that on Thursday, August 6, 2009, Intersil filed a preliminary proxy with the Securities and Exchange Commission (SEC) to seek shareholder approval for a Stock Option Exchange Program. The final shareholder vote will be determined at a Special Shareholders' Meeting scheduled to be held on October 6, 2009.

If we receive shareholder approval, the Option Exchange Program will give eligible employees a one-time opportunity to exchange stock options that have an exercise price substantially above Intersil's current stock price for new options covering a smaller number of shares with an exercise price equal to Intersil's stock price on the date the new options are granted.

The number of new stock options would be determined using exchange ratios designed to result in the new stock options having a value approximately equal to the stock options that are exchanged. The Option Exchange Program would be approximately expense-neutral to Intersil from an accounting perspective.

Intersil issues stock options for qualified positions as part of our total compensation program. If the price of Intersil stock increases after an employee has been issued a stock option and the option has vested, the stock option has value to the employee. Given this scenario, stock options help the company to retain and motivate employees, and align our employees' interests with those of our shareholders.

However, due to the significant decline in our stock price over the past 10 months, many of the stock options held by employees have an option exercise price that is significantly above Intersil's current stock price. Consequently, we believe that an Option Exchange Program would give employees a valuable alternative to managing their stock option accounts.

More information about the Option Exchange Program is provided in the enclosed Frequently Asked Questions ("FAQ"), including:

- Who will be eligible to participate
- Which stock options might qualify for exchange
- How the exchange of certain stock options will work
- The vesting schedule of the new options
- When the Option Exchange Program will take place

Additional information about the proposed Option Exchange Program is available in our preliminary proxy statement filed with the Securities and Exchange Commission on August 6, 2009.

The information contained in the FAQ is intended to provide you with a high-level overview of the Option Exchange Program and answer some basic questions about how the program will work. If we receive the necessary shareholder approval, we will send additional detailed information about the terms of the Option Exchange Program to eligible employees at the time the Option Exchange Program begins.

We are looking forward to communicating with shareholders and obtaining shareholder approval at the Special Shareholders' Meeting in October.

**We have not commenced the Option Exchange Program to which this communication pertains and will not do so unless we receive the requisite shareholder approval at our special shareholder meeting to be held on October 6, 2009. Even if the requisite shareholder approval is obtained, we may still decide not to implement the Option Exchange Program. Intersil will file a Tender Offer Statement on Schedule TO with the SEC upon the commencement of the Option Exchange Program. Persons who may be eligible to participate in the Option Exchange Program should read the Tender Offer Statement on Schedule TO, including the Offer to Exchange and other related materials, very carefully when those materials become available because they will contain important information about the Option Exchange Program.**

**In connection with the proposal to be voted on by Intersil shareholders to approve the Option Exchange Program, Intersil has filed a preliminary proxy statement with the SEC and intends to file other relevant materials with the SEC, including a definitive proxy statement. Intersil shareholders are urged to read such materials very carefully as and when they become available and before making any voting decision regarding the Option Exchange Program, because they will contain important information about the proposal to be voted on by shareholders with respect to the Option Exchange Program.**

**Intersil shareholders and option holders will be able to obtain the written materials described above and other documents filed by Intersil with the SEC free of charge from the SEC's website at [www.sec.gov](http://www.sec.gov) and from Intersil's website at [www.intersil.com](http://www.intersil.com). Due to SEC regulations, Intersil cannot advise you as to whether or not it will make sense for you to participate in the Option Exchange Program. In addition, Intersil cannot provide you with any tax advice regarding participation in the Option Exchange Program.**