FORM SC 14D1

Tender offer statement.

Filing Date: **1999-09-10**
SEC Accession No. 0001047469-99-035405

SUBJECT COMPANY

DIGITAL LINK CORP

CIK:**810467**| IRS No.: **770067742** | State of Incorp.:**CA** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: **005-44579** | Film No.: **99709761**
SIC: **3576** Computer communications equipment

Mailing Address
217 HUMBOLDT COURT
SUNNYVALE CA 94089

Business Address
217 HUMBOLDT COURT
SUNNYVALE CA 94089-1300
4087456200

DIGITAL LINK CORP

CIK:**810467**| IRS No.: **770067742** | State of Incorp.:**CA** | Fiscal Year End: **1231**
Type: **SC 14D1** | Act: **34** | File No.: **005-44579** | Film No.: **99709762**
SIC: **3576** Computer communications equipment

Mailing Address
217 HUMBOLDT COURT
SUNNYVALE CA 94089

Business Address
217 HUMBOLDT COURT
SUNNYVALE CA 94089-1300
4087456200

FILED BY

DLZ CORP

CIK:**860066**| State of Incorp.:**CA** | Fiscal Year End: **1231**
Type: **SC 14D1**

Mailing Address
217 HUMBOLDT COURT
SUNNYVALE CA 94089

Business Address
217 HUMBOLDT COURT
SUNNYVALE CA 94089
4087454570

DLZ CORP

CIK:**860066**| State of Incorp.:**CA** | Fiscal Year End: **1231**
Type: **SC 14D1**

Mailing Address
217 HUMBOLDT COURT
SUNNYVALE CA 94089

Business Address
217 HUMBOLDT COURT
SUNNYVALE CA 94089
4087454570

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1

TENDER OFFER STATEMENT
(PURSUANT TO SECTION 14(D)(1) OF THE SECURITIES EXCHANGE ACT OF 1934)

AND

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934

DIGITAL LINK CORPORATION
(Name of Subject Company)

DLZ CORP.
VINITA GUPTA
NARENDRA K. GUPTA
GUPTA CHILDREN'S TRUST AGREEMENT
NARENDRA AND VINITA GUPTA LIVING TRUST
THE NAREN AND VINITA GUPTA FOUNDATION
(Bidders)

COMMON STOCK, NO PAR VALUE PER SHARE
(Title of Class of Securities)

253856 10 8
(CUSIP Number of Class of Securities)

VINITA GUPTA
DLZ CORP.
P.O. BOX 620154
WOODSIDE, CALIFORNIA 94062-0154
(408) 745-4550
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of Bidders)

COPY TO:

CHRISTOPHER KAUFMAN, ESQ.
LATHAM & WATKINS
135 COMMONWEALTH DRIVE
MENLO PARK, CALIFORNIA 94025
(650) 328-4600

CALCULATION OF FILING FEE

<TABLE>
<CAPTION>

TRANSACTION VALUATION*	AMOUNT OF FILING FEE**
<S>	<C>
$32,702,067.40	$6,541

</TABLE>

* For purposes of calculating the filing fee only. The amount assumes the purchase of 3,174,458 shares of common stock, no par value per share, of

Digital Link Corporation at $10.30 net in cash per share, which represents 90% of all outstanding shares at September 9, 1999 not owned by the persons filing this statement (other than The Naren and Vinita Gupta Foundation).

** The amount of the filing fee calculated in accordance with Exchange Act Rule 0-11 equals 1/50th of 1% of the value of the securities proposed to be acquired.

/X/ Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

<TABLE>
<S> <C> <C> <C>
Amount Previously Paid: $6,541 Filing Party: Bidders
Form or Registration No.: Schedule 13E-3 Date Filed: September 10, 1999
</TABLE>

SCHEDULE 14D-1

CUSIP NO. 253856 10 8 Page 2 of 12 Pages

---

(1) Name of reporting persons: DLZ Corp.
I.R.S. Identification No. of above person (entities only): 77-0522035

---

(2) Check the appropriate box if a member of a group (see instructions):

(a) /X/

(b) / /

---

(3) SEC use only

---

(4) Source of funds (see instructions):

BK

---

(5) Check box if disclosure of legal proceedings is required pursuant to Items 2(e) or 2(f)

/ /

---

(6) Citizenship or place of organization:

California

---

(7) Aggregate amount beneficially owned by each reporting person:

4,034,687 shares of Common Stock*

---

(8) Check box if the aggregate amount in Row (7) excludes certain shares (see instructions):

/ /

---

(9) Percent of class represented to amount in Row (7):

50.6%

---

(10) Type of reporting person (see instructions):

CO

---

* DLZ Corp. intends to enter into a Subscription Agreement with each of The Narendra and Vinita Gupta Living Trust, the Gupta Children's Trust Agreement, and Vinita Gupta, as custodian for her minor children immediately following expiration of the tender offer described in the Offer to Purchase dated September 10, 1999 (the "Offer to Purchase"). Pursuant to the Subscription Agreements, such persons would acquire an aggregate of 4,034,687 shares of newly-issued common stock, no par value per share, of DLZ Corp. in exchange for the 4,034,687 shares of Common Stock, no par value per share, of Digital Link Corporation held by them. The Subscription Agreements are described more fully under the heading "Special Factors--Section 3. Interests of Certain Persons in the Offer and the Merger" of the Offer to Purchase.

SCHEDULE 14D-1

---

(1) Name of reporting persons: Vinita Gupta
I.R.S. Identification No. of above person (entities only):

---

(2) Check the appropriate box if a member of a group (see instructions):

(a) /X/

(b) / /

---

(3) SEC use only

---

(4) Source of funds (see instructions):

BK

---

(5) Check box if disclosure of legal proceedings is required pursuant to Items 2(e) or 2(f)

/ /

---

(6) Citizenship or place of organization:

U.S.A.

---

(7) Aggregate amount beneficially owned by each reporting person:

4,076,355 shares of Common Stock* (Beneficial ownership of 925,500 of these shares is disclaimed)
*21,668 shares are subject to options that are exercisable within 60 days of September 10, 1999.

---

(8) Check box if the aggregate amount in Row (7) excludes certain shares (see instructions):

/X/

---

(9) Percent of class represented to amount in Row (7):

50.9%

---

(10) Type of reporting person (see instructions):

IN

SCHEDULE 14D-1

---

(1) Name of reporting persons: Narendra K. Gupta
I.R.S. Identification No. of above person (entities only):

---

(2) Check the appropriate box if a member of a group (see instructions):

(a) /X/

(b) / /

---

(3) SEC use only

---

(4) Source of funds (see instructions):

BK

---

(5) Check box if disclosure of legal proceedings is required pursuant to Items 2(e) or 2(f)

/ /

---

(6) Citizenship or place of organization:

U.S.A.

---

(7) Aggregate amount beneficially owned by each reporting person:

4,076,355 shares of Common Stock* (Beneficial ownership of 925,500 of these shares is disclaimed)
*21,668 shares are subject to options that are exercisable within 60 days of September 10, 1999.

---

(8) Check box if the aggregate amount in Row (7) excludes certain shares (see instructions):

/X/

---

(9) Percent of class represented to amount in Row (7):

50.9%

---

(10) Type of reporting person (see instructions):

IN

SCHEDULE 14D-1

CUSIP NO. 253856 10 8 Page 5 of 12 Pages

---

(1) Name of reporting persons: Gupta Children's Trust Agreement
I.R.S. Identification No. of above person (entities only):

---

(2) Check the appropriate box if a member of a group (see instructions):

(a) /X/

(b) / /

---

(3) SEC use only

---

(4) Source of funds (see instructions):

BK

---

(5) Check box if disclosure of legal proceedings is required pursuant to Items 2(e) or 2(f)

/ /

---

(6) Citizenship or place of organization:

U.S.A.

---

(7) Aggregate amount beneficially owned by each reporting person:

862,500 shares of Common Stock

---

(8) Check box if the aggregate amount in Row (7) excludes certain shares (see instructions):

/ /

---

(9) Percent of class represented to amount in Row (7):

10.8%

---

(10) Type of reporting person (see instructions):

OO

SCHEDULE 14D-1

---

(1) Name of reporting persons: Narendra and Vinita Gupta Living Trust
I.R.S. Identification No. of above person (entities only):

---

(2) Check the appropriate box if a member of a group (see instructions):

(a) /X/

(b) / /

---

(3) SEC use only

---

(4) Source of funds (see instructions):

BK

---

(5) Check box if disclosure of legal proceedings is required pursuant to Items 2(e) or 2(f)

/ /

---

(6) Citizenship or place of organization:

U.S.A.

---

(7) Aggregate amount beneficially owned by each reporting person:

3,109,187 shares of Common Stock

---

(8) Check box if the aggregate amount in Row (7) excludes certain shares (see instructions):

/ /

---

(9) Percent of class represented to amount in Row (7):

38.8%

---

(10) Type of reporting person (see instructions):

OO

SCHEDULE 14D-1

---

(1) Name of reporting persons: The Naren and Vinita Gupta Foundation
I.R.S. Identification No. of above person (entities only): 77-0388598

---

(2) Check the appropriate box if a member of a group (see instructions):

(a) /X/

(b) / /

---

(3) SEC use only

---

(4) Source of funds (see instructions):

BK

---

(5) Check box if disclosure of legal proceedings is required pursuant to Items 2(e) or 2(f)

/ /

---

(6) Citizenship or place of organization:

U.S.A.

---

(7) Aggregate amount beneficially owned by each reporting person:

20,000 shares of Common Stock

---

(8) Check box if the aggregate amount in Row (7) excludes certain shares (see instructions):

/ /

---

(9) Percent of class represented to amount in Row (7):

Less than 1.0%

---

(10) Type of reporting person (see instructions):

OO

TENDER OFFER

This Tender Offer Statement on Schedule 14D-1 (the "Schedule 14D-1") relates to a tender offer by DLZ Corp., a California corporation ("Purchaser"), to purchase any and all outstanding shares of Common Stock, no par value per share (the "Shares"), of Digital Link Corporation, a California corporation, not currently directly or indirectly owned by Purchaser, for a purchase price of $10.30 per share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated September 10, 1999 (the "Offer to Purchase") and in the related Letter of Transmittal (the "Letter of Transmittal" and together with the Offer to Purchase, the "Offer"), and is intended to satisfy the reporting requirements of Section 14(d) of the Securities Exchange Act of 1934, as amended. Copies of the Offer to Purchase and the related Letter of Transmittal are filed with this Schedule 14D-1 as Exhibits (a)(1), and (a)(2) hereto, respectively. This Schedule 14D-1 also constitutes the statement on Schedule 13D of Purchaser, Vinita Gupta, Narendra Gupta, the Gupta Children's Trust Agreement, the Narendra and Vinita Gupta Living Trust and The Naren and Vinita Gupta Foundation with respect to certain shares which they currently beneficially own.

ITEM 1. SECURITY AND SUBJECT COMPANY.

(a) The name of the subject company is Digital Link Corporation, a California corporation (the "Company"), which has its principal executive and operating offices at 217 Humboldt Court, Sunnyvale, CA 94089-1300.

(b) The class of equity securities which are the subject of the Offer is the Company's Common Stock, no par value, and the Offer is for any and all outstanding Shares at a price of $10.30 per Share, net to the seller in cash, without interest thereon. The information set forth under the heading "Introduction" of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth under the heading "The Tender Offer--Section 5. Price Range of Shares; Dividends" of the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(d) and (g) This Schedule 14D-1 is being filed by Purchaser, Vinita Gupta, Narendra Gupta, the Gupta Children's Trust Agreement, The Narendra and Vinita Gupta Living Trust, and the Narendra K. and Vinita Gupta Charitable Foundation. The information set forth under the headings "Introduction," "Special Factors--Section 3. Interests of Certain Persons in the Offer and the Merger" and "The Tender Offer--Section 7. Certain Information Concerning Purchaser and the Gupta Family," and in Schedule II, Information Concerning the Sole Director and Sole Executive Officer of Purchaser and Certain Members of the Gupta Family, to the Offer to Purchase is incorporated herein by reference.

(e)-(f) During the last five years, none of Purchaser, Vinita Gupta, Narendra Gupta, the Gupta Children's Trust Agreement, the Narendra and Vinita Gupta Living Trust, The Naren and Vinita Gupta Foundation or any executive officer, director or trustee of any of them has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

(a)-(b) The information set forth under the headings "Introduction," "Special Factors--Section 1. Background of the Offer," "Special Factors--Section 3. Interests of Certain Persons in the Offer and the Merger," "Special Factors--Section 5. The Merger Agreement" and "The Tender Offer--Section 7. Certain Information Concerning Purchaser and the Gupta Family" of the Offer to Purchase and in Schedule III, Interests of the Gupta Family in the Company, to the Offer to Purchase is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a)-(c) The information set forth under the heading "The Tender Offer--Section 8. Source and Amount of Funds" of the Offer to Purchase is incorporated herein by reference.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

(a)-(g) The information set forth under the headings "Introduction," "Special Factors--Section 2. Purpose and Structure of the Offer and the Merger; Plans for the Company" and "The Tender Offer-- Section 10. Certain Effects of the Transaction" of the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

The information set forth under the headings "Introduction," "Special Factors--Section 1. Background of the Offer," "Special Factors--Section 3. Interests of Certain Persons in the Offer and the Merger" and "The Tender Offer--Section 7. Certain Information Concerning Purchaser and the Gupta Family" of the Offer to Purchase and in Schedule III, Interests of the Gupta Family in the Company, to the Offer to Purchase is incorporated herein by reference.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

The information set forth under the headings "Introduction," "Special Factors--Section 1. Background of the Offer," "Special Factors--Section 3. Interests of Certain Persons in the Offer and the Merger," "Special Factors--Section 5. The Merger Agreement" and "The Tender Offer--Section 7. Certain Information Concerning Purchaser and the Gupta Family" of the Offer to Purchase and in Schedule III, Interests of the Gupta Family in the Company, to the Offer to Purchase is incorporated herein by reference.

ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth under the headings "Introduction," "Special Factors--Section 1. Background of the Offer," "Special Factors--Section 4. Fairness of the Offer and the Merger" and "The Tender Offer--Section 13. Fees and Expenses" of the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

Not applicable.

ITEM 10. ADDITIONAL INFORMATION.

(a) The information set forth under the headings "Special Factors--Section 3. Interests of Certain Persons in the Offer and the Merger" and "Special Factors--Section 5. The Merger Agreement" of the Offer to Purchase is incorporated herein by reference.

(b)-(d) The information set forth under the heading "The Tender Offer--Section 12. Certain Regulatory and Legal Matters" of the Offer to Purchase is incorporated herein by reference.

(e) Not applicable.

(f) The information set forth in the entire Offer to Purchase and the Letter of Transmittal, copies of which are filed with this Schedule 14D-1 as Exhibits (a)(1) and (a)(2), respectively, is incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) Offer to Purchase.

(a)(2) Letter of Transmittal.

(a)(3) Notice of Guaranteed Delivery.

(a)(4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a)(5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a)(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a)(7) Text of Press Release issued jointly by Purchaser and by the Company, dated September 3, 1999.

(a)(8) Summary Advertisement, dated September 10, 1999.

(b)(1) Commitment Letter dated September 9, 1999, between Comerica Bank-California and DLZ Corp.

(b)(2) Commitment Letter dated September 9, 1999, between Comerica Bank-California and DLZ Corp.

(c)(1) Agreement and Plan of Merger by and between Purchaser and the Company, dated as of September 3, 1999.

(c)(2) Form of Subscription Agreement to be entered into by DLZ Corp. and certain members of the Gupta Family.

(c)(3) Depositary Agreement dated September 9, 1999, between Harris Trust Company of New York and DLZ Corp.

(c)(4) Agreement of Joint Filing dated September 10, 1999, among DLZ Corp., Vinita Gupta, Narendra K. Gupta, the Gupta Children's Trust Agreement, the Narendra and Vinita Gupta Living Trust and The Naren and Vinita Gupta Foundation.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

(g)(1) Complaint in EDWARD ABOFF, ET AL. V. RICHARD C. ALBERDING, ET AL., CASE NO. CV784389, FILED WITH THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SANTA CLARA.

(g)(2) Complaint in WILLIAM LEVY, ET AL. V. DIGITAL LINK CORPORATION, ET AL., CASE NO. CV784407, FILED WITH THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SANTA CLARA.

(g)(3) Complaint in ANDREW CURTIS WRIGHT, ET AL. V. DIGITAL LINK CORPORATION, ET AL., CASE NO. CV784405, FILED WITH THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SANTA CLARA.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

<TABLE>
<S> <C> <C>

Dated: September 10, 1999

DLZ CORP.

By: /s/ VINITA GUPTA

Name: Vinita Gupta
Title: President and Chief Executive Officer

GUPTA CHILDREN'S TRUST AGREEMENT

By: /s/ VINITA GUPTA

Name: Vinita Gupta
Title: Trustee

By: /s/ NARENDRA K. GUPTA

Name: Narendra K. Gupta
Title: Trustee

NARENDRA AND VINITA GUPTA LIVING TRUST

By: /s/ VINITA GUPTA

Name: Vinita Gupta
Title: Trustee

By: /s/ NARENDRA K. GUPTA

Name: Narendra K. Gupta
Title: Trustee

THE NAREN AND VINITA GUPTA FOUNDATION

By: /s/ VINITA GUPTA

Name: Vinita Gupta
Title: Trustee

By: /s/ NARENDRA GUPTA

Name: Narendra Gupta
Title: Trustee

/s/ VINITA GUPTA

Vinita Gupta

/s/ NARENDRA K. GUPTA

Narendra K. Gupta

</TABLE>

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION

(a)(1) Offer to Purchase.

(a)(2) Letter of Transmittal.

(a)(3) Notice of Guaranteed Delivery.

(a)(4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a)(5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a)(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a)(7) Text of Press Release issued jointly by Purchaser and by the Company, dated September 3, 1999.

(a)(8) Summary Advertisement, dated September 10, 1999.

(b)(1) Commitment Letter dated September 9, 1999, between Comerica Bank-California and DLZ Corp.

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(c)(3) Depositary Agreement dated September 9, 1999, between Harris Trust Company of New York and DLZ Corp.

(c)(4) Agreement of Joint Filing dated September 10, 1999, among DLZ Corp., Vinita Gupta, Narendra K. Gupta, the Gupta Children's Trust Agreement, the Narendra and Vinita Gupta Living Trust and The Naren and Vinita Gupta Foundation.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

(g)(1) Complaint in EDWARD ABOFF, ET AL. V. RICHARD C. ALBERDING, ET AL., CASE NO. CV784389, FILED WITH THE SUPERIOR COURT OF THE STATE OF CALIFORNIA FOR THE COUNTY OF SANTA CLARA.

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OFFER TO PURCHASE FOR CASH
ANY AND ALL OUTSTANDING SHARES OF COMMON STOCK
OF
DIGITAL LINK CORPORATION
AT
$10.30 NET PER SHARE
BY
DLZ CORP.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, OCTOBER 15, 1999 UNLESS THE OFFER IS EXTENDED.

THE OFFER IS BEING MADE PURSUANT TO AN AGREEMENT AND PLAN OF MERGER, DATED AS OF SEPTEMBER 3, 1999, BY AND BETWEEN DLZ CORP. ("PURCHASER") AND DIGITAL LINK CORPORATION (THE "COMPANY"). THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES (THE "SHARES") OF COMMON STOCK, NO PAR VALUE, WHICH, TOGETHER WITH THE 4,034,687 SHARES (NOT INCLUDING SHARES ISSUABLE UPON EXERCISE OF OUTSTANDING OPTIONS) BENEFICIALLY OWNED BY PURCHASER AND THE GUPTA INVESTORS (AS DEFINED HEREIN) ON THE DATE OF PURCHASE, WOULD CONSTITUTE NOT LESS THAN 90% OF THE OUTSTANDING SHARES ON THE DATE OF PURCHASE (THE "MINIMUM CONDITION"). THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS WHICH ARE CONTAINED IN THIS OFFER TO PURCHASE. SEE "THE TENDER OFFER--SECTION 11. CERTAIN CONDITIONS OF THE OFFER."

THE BOARD OF DIRECTORS OF THE COMPANY, ACTING ON THE UNANIMOUS RECOMMENDATION OF A SPECIAL COMMITTEE OF INDEPENDENT DIRECTORS NOT AFFILIATED WITH PURCHASER, HAS APPROVED AND ADOPTED THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY INCLUDING THE OFFER AND THE MERGER, HAS DETERMINED THAT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREBY INCLUDING THE OFFER AND THE MERGER ARE FAIR AND IN THE BEST INTERESTS OF THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY, AND RECOMMENDS ACCEPTANCE OF THE OFFER BY SHAREHOLDERS OF THE COMPANY.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTION NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

IMPORTANT

Any shareholder desiring to tender all or any portion of such shareholder's Shares should either (1) complete and sign the Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal and mail or deliver it, together with the certificate(s) evidencing tendered Shares and any other required documents, to the Depositary (as defined herein) or tender such Shares pursuant to the procedures for book-entry transfer set forth in "The Tender Offer--Section 3. Procedure for Tendering Shares" or (2) request such shareholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such shareholder. Any shareholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such shareholder desires to tender such Shares. A shareholder who desires to tender Shares and whose certificates evidencing such Shares are not immediately available, or who cannot comply with the procedure for book-entry transfer on a timely basis, may tender such Shares by following the procedure for guaranteed delivery set forth in "The Tender Offer--Section 3. Procedure for Tendering Shares."

Questions or requests for assistance may be directed to MacKenzie Partners, Inc. (the "Information Agent") at its respective address and telephone numbers set forth on the back cover of this Offer to Purchase. Additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may also be obtained from the Information Agent or from brokers, dealers, commercial banks or trust companies.

September 10, 1999

TABLE OF CONTENTS

<TABLE>
<S> <C> <C>

To the Holders of Common Stock of
DIGITAL LINK CORPORATION:

INTRODUCTION

DLZ Corp., a California corporation ("Purchaser"), hereby offers to purchase any and all shares (the "Shares") of common stock, no par value, of Digital Link Corporation, a California corporation (the "Company"), at a price of $10.30 per Share, net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in this Offer to Purchase (the "Offer to Purchase") and in the related Letter of Transmittal (the "Letter of Transmittal," as amended from time to time, and the Offer to Purchase, as it may be amended from time to time, together constitute the "Offer").

The Offer is being made pursuant to the Agreement and Plan of Merger dated as of September 3, 1999 (the "Merger Agreement"), between Purchaser and the Company. Under the terms of the Merger Agreement, if the Minimum Condition is satisfied, following the purchase of Shares pursuant to the Offer and the satisfaction of other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the California General Corporation Law (the "CGCL"), Purchaser will be merged with and into the Company (the "Merger"), with the Company (the "Surviving Corporation") surviving the Merger. At the effective time of the Merger (the "Effective Time"), each outstanding Share (other than Shares held by shareholders who properly exercise their appraisal rights in accordance with the CGCL (the "Dissenting Shares") and Shares owned by Purchaser) will be converted, by virtue of the Merger and without any action on the part of the Company, into the right to receive the Offer Price in cash (the "Merger Consideration"), without interest thereon. The Merger is subject to a number of conditions as described under "Special Factors--Section 5. The Merger Agreement." If the Minimum Condition is not satisfied, the Offer will be withdrawn without the purchase of any Shares, Purchaser and the Gupta Family (as defined below) will dispose of that number of Shares necessary to reduce their beneficial ownership below 50% of the outstanding Shares and the Merger will be accomplished by a long-form merger, which will require a proxy solicitation, a special meeting of shareholders and the affirmative vote of a majority of the outstanding Shares. A significantly longer period of time will be required to effect a long-form merger than the Offer and the short-form merger. By virtue of their Share ownership, Purchaser and the Gupta Investors (as defined below) may effectively have the ability to assure the approval of a long-form merger.

Purchaser was formed by Vinita Gupta, Chairman of the Board, President and Chief Executive Officer of the Company, in connection with an acquisition of the

Company. Vinita Gupta is the sole director, executive officer and shareholder of Purchaser. Vinita Gupta and her husband, Narendra K. Gupta, as trustees of the Narendra and Vinita Gupta Living Trust and Vinita Gupta, Narendra Gupta and Kalyan Dutta, as trustees for the Gupta Children's Trust Agreement for Vinita and Narendra Gupta's minor children, and Vinita Gupta, as custodian for each of her two minor children (collectively, the "Gupta Investors") beneficially own 4,034,687 shares (not including shares issuable upon exercise of outstanding Options). The Gupta Investors together with the Narendra and Vinta Gupta Foundation (the "Gupta Foundation") are collectively referred to as the Gupta Family and beneficially own 4,054,687 Shares, which constituted approximately 50.6% of the outstanding Shares as of September 9, 1999. The members of the Gupta Investors and the Gupta Family may be construed as a group within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The Board acting on the unanimous recommendation of a special committee of independent directors not affiliated with the Purchaser (the "Special Committee") has approved and adopted the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger, has determined that the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger are fair and in the best interests of the Company and the shareholders of the Company, and recommends acceptance of the offer by the shareholders of the Company. The factors considered by the Board and the Special Committee to approve the Offer and the Merger and to recommend that the

shareholders of the Company accept the Offer and tender their Shares are described in the Company's Schedule 14D-9, which is being mailed to shareholders of the Company herewith.

Purchaser and the Gupta Investors believe the Offer is fair to the holders of Shares (other than the Purchaser and the Gupta Investors) for the reasons described below and under "Special Factors-- Section 4. Fairness of the Offer and the Merger." The Company's financial advisor, Dain Rauscher Wessels, ("DRW") has delivered to the Board and the Special Committee a written opinion, dated September 3, 1999, to the effect that, as of such date and based upon and subject to certain matters stated therein, the terms of the Offer and the Merger are fair, from a financial point of view, to the Company's shareholders. A copy of such opinion is contained in the Company's Schedule 14D-9 which is being mailed to the Company's shareholders herewith and should be read carefully in its entirety. Sutter Securities Incorporated ("Sutter Securities"), which has been retained by Purchaser, has rendered a written opinion to the effect that the Transaction (as defined therein), and the consideration to be paid in the Offer and Merger, is fair, from a financial point of view, to the Company's shareholders (other than Purchaser and the Gupta Investors). The fairness opinion of Sutter Securities was also furnished to the Special Committee and the Board. A copy of such opinion is set forth in Schedule I hereto and should be read carefully in its entirety. The opinion is described more fully under "Special Factors--Section 4. Fairness of the Offer and the Merger."

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer a number of shares which, together with the 4,034,687 Shares (not including Shares issuable upon exercise of outstanding Options) beneficially owned by Purchaser and the Gupta Investors on the date of purchase, would constitute not less than 90% of the outstanding Shares on the date of purchase (the "Minimum Condition"). Based upon the 8,010,716 Shares outstanding as of September 9, 1999, assuming no other Shares are issued pursuant to the exercise of options or otherwise prior to the Effective Time and excluding Shares held by the Gupta Foundation (which will not be contributed to Purchaser), the number of Shares needed to be purchased pursuant to the Offer to satisfy the Minimum Condition would be 3,174,958. If other Shares are issued pursuant to the exercise of Options or otherwise or the number of Shares outstanding is adjusted, the number of Shares necessary to be purchased pursuant to the Offer to satisfy the Minimum Condition will change. The Offer is also subject to other terms and conditions which are contained in this Offer to Purchase. See "The Tender Offer-- Section 11. Certain Conditions of the Offer." Each shareholder should make its own determination as to whether to accept or reject the Offer.

In the event the Minimum Condition is satisfied and Purchaser acquires Shares pursuant to the Offer, Purchaser is obligated under the Merger Agreement to effect the Merger and intends to fulfill that obligation pursuant to the short-form merger provisions of the CGCL, without prior notice to, or any action by, any other shareholder of the Company. See "Special Factors--Section 2. Purpose and Structure of the Offer and the Merger; Plans for the Company."

Under the CGCL, the Merger may not be accomplished for cash paid to the Company's shareholders if Purchaser owns directly or indirectly more than 50% but less than 90% of the then outstanding Shares unless either all the shareholders consent or the Commissioner of Corporations of the State of California approves the terms and conditions of the Merger and the fairness thereof after a hearing. In the event that the Minimum Condition is not satisfied, the Offer will be terminated without the acceptance for payment or payment for any Shares and the tendered Shares will be returned to shareholders pursuant to Rule 14e-1(c) under the Exchange Act. Purchaser and the Gupta Family will then dispose of that number of Shares necessary to reduce Purchaser's and the Gupta Family holdings to less than 50% of the outstanding Shares. In the event that the Offer is terminated without the purchase of Shares, Purchaser and the Gupta Investors will take all steps necessary to effect the Merger by means of a long-form merger in which the Purchaser will be merged with and into the Company and each Share (other than Shares held by shareholders who properly exercise their appraisal rights in accordance with the CGCL (the "Dissenting Shares") and Shares beneficially owned by Purchaser and the Gupta Investors) will be converted into the

right to receive the Merger Consideration. The long-form merger will require a proxy solicitation, a special meeting of shareholders and the affirmative vote of a majority of the outstanding Shares. A significantly longer period of time will be required to effect a long-form merger than the Offer and the short-form merger. Purchaser and the Gupta Investors may have the ability to assure the approval of the long-form merger. In the Merger Agreement, in the event the Offer is terminated and the Minimum Condition has not been satisfied, the Company has agreed to take all action necessary to convene a meeting of its shareholders (the "Company Shareholder Meeting") as soon as practicable after the expiration of the Offer for the purpose of voting on the approval of the Merger Agreement. In light of any possible need to solicit the approval of the Merger Agreement by a vote of the shareholders of the Company, the Company, at Purchaser's request and in accordance with the terms of the Merger Agreement, is preparing a proxy statement (the "Proxy Statement") pursuant to which the approval of the shareholders of the Company of the Merger will be solicited in the event the Minimum Condition is not satisfied. See "Special Factors-- Section 5. The Merger Agreement."

Purchaser intends to enter into a Subscription Agreement (the "Subscription Agreements") following the expiration of the Offer with each member of the Gupta Investors. Pursuant to the Subscription Agreements, the Gupta Investors, immediately prior to the Merger, will contribute to Purchaser Shares owned by such members in return for the common stock of Purchaser ("Purchaser Stock") which, when combined with the one share of Purchaser Stock already owned by Vinita Gupta, will constitute 100% of the outstanding common stock of Purchaser. The newly-issued shares of Purchaser Stock will be issued to the Gupta Investors in exchange for their Shares. See Schedule III with respect to beneficial ownership of Shares. The Subscription Agreements are more fully described in "Special Factors--Section 3. Interests of Certain Persons in the Offer and Merger."

Purchaser is not offering to acquire the Options in the Offer. Pursuant to the Merger Agreement, to the extent permitted under the Company's 1992 Equity Incentive Plan (the "1992 Plan"), each Option outstanding under the 1992 Plan will at the Effective Time be converted into the right to receive, upon surrender of each option, an amount in cash equal to the amount by which the Merger Consideration exceeds the exercise price for such Option, such amount to be payable in accordance with the vesting schedule of such Option, less all taxes required to be withheld from such payments (such payments with respect to an Option to constitute "Option Spread Payments"). There are 1,394,694 Shares subject to Option under the 1992 Plan. The Company also has outstanding Options for 6,000 Shares under the 1986 Stock Option Plan (the "1986 Plan"), all of which are presently exercisable, and Options outstanding for 95,000 Shares under its 1994 Directors Stock Option Plan (the "Directors Plan"), of which Options with respect to 62,084 Shares are exercisable. The Purchaser intends, following termination of the Offer, to negotiate agreements with holders of Options under the 1986 Plan and the Directors Plan to provide for surrender of such Options upon the Effective Time in exchange for the Option Spread Payments. These Option Spread Payments would be due in full promptly following the Effective Time because all outstanding Options under the 1986 Plan and the Directors Plan would be fully vested at the Effective Time. The Company also has a 1993 Employee Stock Purchase Plan pursuant to which employees have Options to purchase Shares based on amounts that employees have determined to withhold from their compensation from the Company. The next date for exercise of Options under the 1993 Employee Stock Purchase Plan is October 31, 1999.

Tendering shareholders will not be obligated to pay brokerage fees or commissions or, except as otherwise provided in Instruction 6 of the Letter of Transmittal, stock transfer taxes with respect to the purchase of Shares by Purchaser pursuant to the Offer. Purchaser will pay all charges and expenses of the Harris Trust Company of New York (the "Depositary") and the Information Agent incurred in connection with the Offer. See "The Tender Offer--Section 13. Fees and Expenses."

THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

SPECIAL FACTORS

1. BACKGROUND OF THE OFFER.

The Company was formed by Vinita Gupta in 1985. The Company's initial public offering of Shares was completed in January 1994. Ms. Gupta retired as Chief Executive Officer of the Company in September 1996, but continued as a member of the Board.

In October 1997, the Company suffered business reversals which continued through 1998. Competition in the market for the Company's products had intensified, resulting in declining average selling prices for its products, while at the same time demand from certain of the Company's large domestic carrier customers was less than expected. As a result, the Company's revenues declined 17% from 1997 to 1998 and its profitability declined significantly in 1998, as the Company incurred a net loss of $6.5 million.

During this period, the Board considered various ways to increase shareholder value. In addition to internal development of its technology, this process included efforts to identify acquisition candidates.

In February 1998, the Board accepted the resignation of its then Chief Executive Officer and asked Ms. Gupta to return as interim Chief Executive Officer while the Company undertook a search for a new Chief Executive Officer. Ms. Gupta served as interim Chief Executive Officer through 1998. When the Board determined in January 1999 that the Company had been unable to attract a suitable candidate for Chief Executive Officer, Ms. Gupta agreed to the Board's request to remain the Company's President and Chief Executive Officer on a full-time basis.

From June 1998 through September 1998, the Company took a number of actions to reduce costs and return to profitability including two work force reductions and the cancellation of two major product lines. In order to allow Ms. Gupta to focus on strategy, research and development, marketing and sales, Stanley Kazmierczak was promoted to Vice President, Operations and assumed responsibility for Digital Link's operations on January 21, 1999. Mr. Kazmierczak had been Vice President, Finance and Administration and Chief Financial Officer and was an 11 year employee of the Company.

On April 14, 1999, the Company announced its financial results for the quarter ended March 31, 1999, reporting net sales of $15,232,000, which represented a 5% increase over net sales for the quarter ended March 31, 1998, and net income of $912,000, which represented a 1,761% increase over net income for the quarter ended March 31, 1998. These financial results exceeded the expectations of financial analysts.

Despite the Company's efforts:

- The Company's stock price did not reflect on a sustained basis the improved operating results in the first quarter of 1999;

- The average daily trading volume continued to be low; and

- The Company continued to have limited institutional sponsorship and was receiving diminishing research attention from market analysts.

Ms. Gupta, Narendra Gupta and Richard Alberding, three of the five members of the Board, met informally on April 29, 1999 to discuss the alternatives available to the Company. They discussed the Company's inability to hire and retain qualified personnel in light of the market performance of the Shares, including both the stock price and limited trading activity of the Shares. They discussed the limited prospects for improving market performance, given the failure of the market price of the Shares to reflect on a sustained basis the

improved operating results in the first quarter of 1999. They also discussed whether the Company should consider a transaction in which shareholders other than the Gupta Investors would receive cash for their Shares (a "going-private transaction") and other strategies, such as the acquisition of the Company by a larger corporation within its industry. Mr. and Ms. Gupta indicated that they believed that a sale of the Company to a third party would be detrimental to implementation of the

Company's business plan and that in any event they would not consider a transaction in which their Shares were effectively sold.

On May 21, 1999, Ms. Gupta, Mr. Gupta and Mr. Kazmierczak discussed the possibility of a going-private transaction.

On May 28, 1999, Mr. Kazmierczak informed Ms. Gupta of his intention to resign from the Company. Mr. Kazmierczak indicated that he was leaving to join a start-up company because the languishing market price of the Shares prevented him from achieving gains from the Options he held. He emphasized his disappointment that, despite the Company's report of results of operations for the first quarter of 1999 significantly in excess of analyst expectations, the market price of the Shares on the Nasdaq National Market had not responded favorably. He also expressed frustration at the Company's inability to achieve any significant interest in the Shares from stock analysts and institutional investors.

At a June 7, 1999 meeting of the Board, the directors again discussed the lack of market interest in the Shares and the Company's continued inability to hire and retain employees because of the performance of the Shares. Mr. Alberding indicated that a going-private transaction might be a viable alternative.

On July 2, 1999, Ms. Gupta selected Latham & Watkins as counsel for the Purchaser.

On July 12, 1999, Ms. Gupta and Mr. Gupta met with Mr. Alberding and Louis Golm, two of the three independent members of the Board. Counsel for the Purchaser also attended the meeting and described various types of going-private transactions.

At a regularly scheduled Board meeting on August 9, 1999, Ms. Gupta discussed the possibility of making a proposal to the Company concerning a merger in which the holders of Shares other than the Gupta Investors would receive $10.05 in cash. The meeting was also attended by Fenwick & West LLP, counsel for the Company, and counsel for the Purchaser. During the discussion, Ms. Gupta indicated that the Gupta Family was not interested in any transaction which effectively involved the sale of Shares held by the Gupta Investors. Ms. Gupta indicated that any agreement with the Company would be subject to the approval of the directors of the Company other than Ms. and Mr. Gupta.

After these discussions, the Board excused Ms. Gupta, Mr. Gupta and counsel for the Purchaser. The remaining members of the Board--Messrs. Alberding, Golm and Von Rump--determined to form the Special Committee to consider the Company's strategic alternatives and elected Mr. Alberding as chairman of the Special Committee. The Special Committee, with the advice of counsel for the Company, reviewed at length the members' fiduciary duties regarding the evaluation of any proposal from the Gupta Investors, and consideration of the alternatives of seeking to sell the Company to a third party and remaining a publicly held company. The Special Committee determined that a sale to a third party was not feasible given the Company's current situation and Ms. and Mr. Gupta's statement that they were not interested in any transaction which effectively involved the sale of the Shares held by the Gupta Investors. The Special Committee compared the feasibility of a going-private transaction with remaining as an independent, publicly-held entity. The Special Committee discussed possible structures for a potential going-private transaction. A determination was made to seek the advice of an independent financial adviser to assist the Special Committee.

On August 13, 1999, the Special Committee engaged DRW as financial adviser to the Company. DRW was selected based upon its familiarity and expertise with the Company. DRW had served as one of the managing underwriters for the Company's initial public offering in early 1994.

On August 6, 1999, the Purchaser engaged Sutter Securities to render a fairness opinion in the event that a going-private transaction was negotiated. Sutter Securities had no previous relationship with the Gupta Family or the Company.

On August 23, 1999, DRW and Sutter Securities met with members of the Company's management to perform due diligence and discuss the Company's prospects. The Company's management provided DRW

and Sutter Securities access to requested information. The same information was provided to each of DRW and Sutter Securities.

The Special Committee held meetings with counsel for the Company and DRW on August 25, 27 and 31, 1999. During these meetings, DRW discussed the financial condition of the Company. On August 31, 1999, counsel for the Company reviewed in detail the status of the negotiations of the Merger Agreement. The Special Committee questioned counsel for the Company and DRW at length and gave instructions as to negotiating the terms of the Merger Agreement.

Between August 30, 1999 and September 2, 1999, Ms. Gupta, counsel for the Purchaser, DRW and counsel for the Company negotiated the terms of the Merger Agreement. In particular, on August 31, 1999, the Special Committee discussed with DRW the possibility of receiving a proposal of $10.05 per share from the Gupta Investors. The Special Committee instructed counsel for the Company and its financial adviser to negotiate a price per share of $10.30 per Share. As a result of negotiations between counsel for the Purchaser and counsel for the Company, the Agreement was also revised substantially to reflect the comments of the Special Committee.

On September 2, 1999, Purchaser and the Gupta Investors delivered to the Special Committee a proposed final form of Merger Agreement and Sutter Securities' fairness opinion. The directors were again advised of their fiduciary duties by counsel for the Company, and DRW made a financial presentation concerning the terms of the Offer and Merger. DRW also delivered its oral opinion that the $10.30 per Share cash consideration to be received in the transactions contemplated by the Merger Agreement was fair, from a financial point of view, to the holders of Shares. The Special Committee reviewed the final terms of the Merger Agreement and the reasons the Special Committee was recommending approval of the Merger Agreement. The Special Committee, and the Board (excluding Ms. Gupta and Mr. Gupta) acting on the unanimous recommendation of the Special Committee, then approved and adopted the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger, determined that the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger are fair and in the best interests of the Company and the shareholders of the Company, and recommended acceptance of the Offer by the shareholders of the Company. The Merger Agreement was executed on September 3, 1999.

On the morning of September 3, 1999, the Company issued a press release, the text of which is attached as an exhibit the Schedule 14D-9, a copy of which is being mailed herewith.

2. PURPOSE AND STRUCTURE OF THE OFFER AND THE MERGER; PLANS FOR THE COMPANY.

STRUCTURE AND PURPOSE OF THE OFFER AND THE MERGER. The purpose of the Offer and the Merger is to enable the Gupta Investors to acquire the entire public equity interest of the Company. Upon consummation of the Merger, the Company will be wholly-owned by the Gupta Investors. The acquisition of the public equity interest in the Company has been structured as a cash tender offer followed by a cash merger in order, as promptly as possible, to provide the shareholders of the Company other than the Gupta Investors with cash for all their Shares and to transfer all equity interests of the Company to the Gupta Investors.

Following the Offer, Purchaser intends to acquire any remaining Shares not acquired in the Offer by consummating the Merger. If the Minimum Condition is satisfied, Purchaser will have the ability to approve and adopt the Merger Agreement without the affirmative vote of any other shareholder of the Company and intends to consummate the Merger as a short-form merger pursuant to the CGCL. Under such circumstances, neither the approval of any holder of Shares (other than Purchaser) nor the Board would be required.

PLANS FOR THE COMPANY AFTER THE OFFER AND THE MERGER. The Shares are currently traded on the Nasdaq National Market. See "The Tender Offer--Section 5. Price Range of Shares; Dividends." Following the consummation of the Offer and the Merger, it is the intention of Purchaser and the Gupta Investors to

cause the Company to file an application to withdraw the Shares from listing on the Nasdaq National Market and to terminate the registration of the Shares under the Exchange Act. See "The Tender Offer-- Section 10. Certain Effects of the Transaction." In the event that the Shares are delisted from the Nasdaq National Market, there will be no publicly traded equity securities of the Company and the Company will no longer be required to file periodic reports with the Commission. See "The Tender Offer--Section 10. Certain Effects of the Transaction." If the Shares are not accepted for payment by Purchaser pursuant to the Offer, Purchaser and the Gupta Investors will take all steps necessary to effect the Merger by means of a long-form merger, after which Purchaser and the Gupta Investors intend to cause the Company to file an application to withdraw the Shares from listing on the Nasdaq National Market and to terminate the registration of the Shares under the Exchange Act.

As a result of the Offer, Purchaser's percentage interest in the Company's net book value and net earnings will increase in proportion to the number of Shares acquired in the Offer. If the Merger is consummated, the interest of the Gupta Investors in such items and in the Company's equity generally will increase to 100% and the Gupta Investors will be entitled to all the benefits of an increase in value and would be subject to the risks of a decrease in value of the Company. Subsequent to the Merger, current shareholders and Option holders of the Company will cease to have any equity interest in the Company, will not have the opportunity to participate in the earnings and growth of the Company and will not have any right to vote on corporate matters. Similarly, the shareholders will not face the risk of losses generated by the Company's operations or decline in the value of the Company after the Merger.

Pursuant to the Merger Agreement, at the Effective Time, the officers of the Company will become the officers of the Surviving Corporation and Vinita Gupta, the only director of Purchaser will become the director of the Surviving Corporation. It is expected that, following the Effective Time, Narendra Gupta will be elected as a director of the Surviving Corporation.

Under the CGCL, the Merger may not be accomplished for cash paid to the Company's shareholders if Purchaser owns directly or indirectly more than 50% but less than 90% of the then outstanding Shares unless either all the shareholders consent or the Commissioner of Corporations of the State of California approves the terms and conditions of the Merger and the fairness thereof after a hearing. In the event that the Minimum Condition is not satisfied, the Offer will be terminated without the acceptance for payment or payment for any Shares and the tendered Shares will be returned to Shareholders pursuant to Rule 14e-1(c) under the Exchange Act. Purchaser and the Gupta Family will then dispose of that number of Shares necessary to reduce Purchaser's and the Gupta Family holdings to less than 50% of the outstanding Shares. After the disposition of such Shares, Purchaser and the Gupta Investors will take all steps necessary to effect the Merger by means of a long-form merger in which the Purchaser will be merged with and into the Company and each Share (other than Dissenting Shares and Shares beneficially owned by Purchaser and the Gupta Investors) will be converted into the right to receive the Merger Consideration. The long-form Merger will require a proxy solicitation, a special meeting of shareholders and the affirmative vote of a majority of the outstanding Shares. A significantly longer period of time will be required to effect a long-form merger than the Offer and the short-form merger. Purchaser and the Gupta Investors may have the ability to assure the approval of the Merger. In the Merger Agreement, in the event the Offer is terminated and the Minimum Condition has not been satisfied, the Company has agreed to take all action necessary to convene the Company Shareholder Meeting as soon as practicable after the expiration of the Offer for the purpose of voting on the approval of the Merger Agreement. In light of any possible need to solicit the approval of the Merger Agreement by a vote of the shareholders of the Company, the Company, at Purchaser's request and in accordance with the terms of the Merger Agreement, is preparing the Proxy Statement pursuant to which the approval of the shareholders of the Company of the Merger will be solicited in the event the Minimum Condition is not satisfied. See "Special Factors--Section 5. The Merger Agreement."

Except as otherwise described in this Offer to Purchase, Purchaser and the Gupta Family have no current plans or proposals which relate to or would result in: (a) an extraordinary corporate transaction, such as a merger, reorganization or liquidation involving the Company; (b) a sale or transfer of a material

amount of assets of the Company; (c) any change in the Board or management of the Company, including, but not limited to, any plan or proposal to change the number or term of directors, to fill any existing vacancy on the Board or any change any material term of the employment contract of any executive officer;

(d) any material change in the present dividend rate or policy or indebtedness or capitalization of the Company; (e) any other material change in the Company's corporate structure or business; (f) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or (g) the suspension of the Company's obligation to file reports pursuant to Section 15(d) of the Exchange Act.

3. INTERESTS OF CERTAIN PERSONS IN THE OFFER AND THE MERGER.

In considering whether to tender Shares pursuant to the Offer, shareholders should be aware that certain members of the Company's management and Board have certain interests which are discussed below and which present them with actual or potential conflicts of interest in connection with the Offer and the Merger.

Purchaser intends to enter into a Subscription Agreement following expiration of the Offer with each member of the Gupta Investors. Pursuant to the Subscription Agreements, the Gupta Investors, immediately prior to the Merger, would acquire Common Stock of the Purchaser which, when combined with the one share of Purchaser Stock already owned by Vinita Gupta, would constitute 100% of the Common Stock of the Purchaser outstanding. The newly-issued shares of Common Stock of the Purchaser would be issued to Gupta Investors in exchange for their Shares. The Gupta Family believes that, under applicable laws relating to private charitable foundations, the Gupta Foundation is unable to enter into a Subscription Agreement to contribute the 20,000 shares it owns due to its charitable purposes and the provisions of the Internal Revenue Code. See Schedule III with respect to the Shares owned by Purchaser and the Gupta Family.

As of Septebmer 9, 1999, Narendra Gupta held Options to purchase the number of Shares at the exercise prices listed in the table below:

<TABLE>
<CAPTION>

NAME	OPTIONS OUTSTANDING	OPTIONS VESTED AS OF 9/8/99	EXERCISE PRICE PER SHARE
<S>	<C>	<C>	<C>
Narendra Gupta.....	10,000	10,000	15.125
	5,000	4,792	21.25
	5,000	3,542	18.25
	5,000	2,292	25.75
	5,000	1,042	3.5625

</TABLE>

Pursuant to the terms of the Directors Plan, the vesting of each Option outstanding under such plan at the Effective Time will accelerate and the Options will become fully vested.

4. FAIRNESS OF THE OFFER AND THE MERGER.

Purchaser and the Gupta Investors believe that the Transaction and the Merger Consideration is fair to the Company's shareholders other than Purchaser and the Gupta Investors. This belief is based upon (i) a written opinion of DRW, dated September 3, 1999, delivered to the Special Committee to the effect that, as of such date and based upon and subject to certain matters stated therein, the terms of the Offer and the Merger are fair, from a financial point to view, to the Company's shareholders and (ii) the opinion of Sutter Securities dated September 3, 1999, to the effect that, the Transaction, and the Merger Consideration, is fair, from a financial point of view, to the Company's shareholders (other than Purchaser and the Gupta Investors). A copy of DRW's opinion is contained in the Company's Schedule 14D-9 which is being mailed to the Company's shareholders herewith and should be read carefully in its entirety. A copy of Sutter Securities' opinion is set forth in Schedule I hereto and should be read carefully in its entirety. Each shareholder should make its own determination as to whether to accept or reject the Offer.

Under an engagement letter, the Company has agreed to pay DRW a fee of $450,000 upon the rendering of its opinion. Payment of this fee to DRW is not contingent upon the closing of the Merger. In addition, the Company agreed to indemnify DRW against certain liabilities, including liabilities arising under the securities laws. The terms of the engagement letter, which the Special Committee believes are customary for transactions of this nature were negotiated at arms' length between the Special Committee and DRW, and the Board was aware of such fee arrangement at the time of its approval of the Merger Agreement.

Purchaser has agreed to pay Sutter Securities a fee of $100,000 for rendering the fairness opinion described above. In addition, Purchaser has agreed to reimburse Sutter Securities for its reasonable out-of-pocket expenses (including legal fees) with respect to the services provided by Sutter Securities. Purchaser has agreed to indemnify and hold harmless Sutter Securities against certain liabilities, including liabilities under the federal securities laws, arising out of or in connection with the services provided by Sutter Securities.

The Company is a technology company that depends on attracting and retaining key personnel to implement its business plan. Historically, stock option plan performance has been a crucial element in attracting and retaining key personnel in technology companies. Stock option plan performance for a publicly-held company is in turn based on market performance of a company's stock. Despite improved earnings, the market price of the Shares has not improved and key personnel, such as Mr. Kazmierczak, have left the Company to pursue start-up opportunities with perceived better equity incentives. The Gupta Investors believe that if the Company were privately held, the Company would be able to provide better equity incentives for employees. The Gupta Investors also believe that private company status would allow the Company more effectively to execute long term resource allocation and investment decisions and expand into other market segments, each of which would ultimately allow the Company to compete more favorably in the market for the Company's products. As a privately held company, the Company's management would be able to eliminate management time spent on matters related to the Company being public and could focus its efforts exclusively on the operation of the Company's business. The Gupta Family considered, but rejected, the possibility of a sale of the Company to a third party in which the Gupta family effectively sold its Shares.

5. THE MERGER AGREEMENT.

The following is a summary of the material terms of the Merger Agreement, a copy of which has been filed as an exhibit to the Schedule 14D-1 and the Schedule 13E-3 filed by Purchaser and the Gupta Family, which exhibit is incorporated by reference herein.

The Merger Agreement provides that following the satisfaction of the conditions described below under "Conditions to the Merger," at the Effective Time and in accordance with the CGCL, Purchaser will be merged with and into the Company. As a result of the Merger, all of the properties, rights, privileges and franchises of the Company and Purchaser will vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Purchaser will become the debts, liabilities and duties of the Surviving Corporation.

At the Effective Time, by virtue of the Merger and without any action on the part of the Company or Purchaser (i) each Share issued and outstanding immediately prior to the Effective Time and owned by Purchaser shall be canceled without payment of any consideration and shall cease to exist; (ii) each share of Common Stock, no par value per share, of Purchaser then outstanding will be converted into one share of Common Stock, no par value per share, of the Surviving Corporation; and (iii) each Share outstanding immediately prior to the Effective Time will, except as otherwise provided in (i) above and except for Shares held by shareholders of the Company who shall have demanded and perfected, and who shall not have withdrawn or otherwise lost, dissenters' rights, if any, under the CGCL, be converted into the right to receive the Merger Consideration, without interest.

THE OFFER. The Merger Agreement provides for the making of the Offer by Purchaser. The obligation of Purchaser to accept for payment and pay for Shares tendered pursuant to the Offer is subject to the satisfaction of the Minimum Condition and certain other conditions that are described in "The Tender

Offer--Section 11. Certain Conditions of the Offer" of this Offer to Purchase. Purchaser has agreed that, without the written consent of the Company, it may not reduce the number of Shares subject to the Offer, reduce the Offer Price or extend the Offer if all of the conditions described in "The Tender Offer-- Section 11. Certain Conditions of the Offer" have been satisfied or waived. Purchaser has also agreed that it will not, without the consent of the Company, change the form of consideration payable in the Offer, amend, modify or add to the conditions described in "The Tender Offer--Section 11. Certain Conditions of the Offer", amend any other term of the Offer in a manner adverse to the holders of the Shares, or waive the Minimum Condition. Purchaser may, without the consent of the Company: extend the Offer if, at the scheduled expiration date of the Offer, any of the conditions described in "The Tender Offer-- Section 11. Certain Conditions of the Offer" have not been satisfied or waived until such

time as such are satisfied or waived; extend the Offer for any period required by any statute, rule or regulation, and extend the Offer on one or more occasions for an aggregate of not more than 20 business days beyond the latest expiration date that would otherwise be permitted as set forth above in order to obtain Shares which, together with Shares held by Purchaser, constitute 90% of the outstanding Shares, provided, however, that (i) Purchaser shall extend the Offer up to 20 business days following its initial expiration upon the prior reasonable request by the Special Committee and (ii) Purchaser shall not extend the Offer beyond 20 business days following its initial expiration without the prior consent of the Special Committee. The conditions described in "The Tender Offer--Section 11. Certain Conditions of the Offer" of this Offer to Purchase are for the sole benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances giving rise to any such condition or may be waived by Purchaser, in whole or in part at any time and from time to time, in its sole discretion.

Purchaser is not offering to acquire the Options in the Offer. Pursuant to the Merger Agreement, to the extent permitted under the Company's 1992 Plan, each Option outstanding under the 1992 Plan will at the Effective Time be converted into the right to receive, upon surrender of each Option, the Option Spread Payment. There are 1,394,694 Shares subject to Option under the 1992 Plan. The Company also has outstanding Options for 6,000 Shares under its 1986 Plan, all of which are presently exercisable and Options outstanding for 95,000 Shares under the Directors Plan, of which Options with respect to 62,084 Shares are exercisable. The Purchaser intends, following termination of the Offer, to negotiate agreements with holders of Options under the 1986 Plan and the Directors Plan to provide for surrender of such Options upon the Effective Time in exchange for the Option Spread Payments. These Option Spread Payments would be due in full promptly following the Effective Time because all outstanding Options under the 1986 Plan and the Directors Plan would be fully vested at the Effective Time. The Company also has a 1993 Employee Stock Purchase Plan pursuant to which employees have Options to purchase Shares based on amounts that employees have determined to withhold from their compensation from the Company. The next date for exercise of Options under the 1993 Employee Stock Purchase Plan is October 31, 1999.

VOTE REQUIRED TO APPROVE THE MERGER. The CGCL requires, among other things, that the adoption of any plan of merger or consolidation of the Company must be approved by the Board and generally by a majority of the holders of the Company's outstanding voting securities. The Board has adopted the unanimous recommendation of the Special Committee and has unanimously approved the Offer and the Merger. The CGCL also provides that if a parent company owns at least 90% of each class of stock of a subsidiary, the parent company can effect a short-term merger with that subsidiary without the action of the other shareholders of that subsidiary. Accordingly, if, as a result of the Offer or otherwise, Purchaser acquires or controls the voting power of at least 90% of the outstanding Shares (which would be the case if the Minimum Condition were satisfied and Purchaser were to accept for payment Shares tendered pursuant to the Offer), Purchaser could, and intends to, effect the Merger without prior notice to, or any action by, any other shareholder of the Company. If Shares are not purchased in the Offer and the short-form merger provisions of the CGCL are therefore not applicable, the affirmative vote of holders of a majority of the outstanding Shares (including any Shares owned by Purchaser) in a long-form merger is required to approve the Merger.

Under the CGCL, the Merger may not be accomplished for cash paid to the Company's shareholders if Purchaser owns directly or indirectly more than 50% but less than 90% of the then outstanding Shares unless either all the shareholders consent or the Commissioner of Corporations of the State of California approves the terms and conditions of the Merger and the fairness thereof after a hearing. In the event that the Minimum Condition is not satisfied, the Offer will be terminated without the acceptance for payment or payment for any Shares and the tendered Shares will be returned to Shareholders pursuant to Rule 14e-1(c) under the Exchange Act. Purchaser and the Gupta Family will then dispose of that number of Shares necessary to reduce the aggregate of the Purchaser's and the Gupta Family holdings to less than 50% of the outstanding Shares. After the disposition of such Shares, Purchaser and the Gupta Investors will take all steps necessary to effect the Merger by means of a long-form merger in which the Purchaser will be merged with and into the Company and each Share (other than Dissenting Shares) and Shares beneficially owned by Purchaser and the Gupta Investors will be converted into the right to receive the Merger Consideration. The long-form Merger will require a proxy solicitation, a special meeting of shareholders and the affirmative vote of a majority of the outstanding Shares. A significantly longer period of time will be required to effect a long-form merger than the Offer and the short-form

merger. Purchaser and the Gupta Investors may have the ability to assure the approval of the merger. In the Merger Agreement, in the event the Offer is terminated and the Minimum Condition has not been satisfied, the Company has agreed upon Purchaser's request, to take all action necessary to convene the Company Shareholder Meeting as soon as practicable after the expiration of the Offer for the purpose of voting on the approval of the Merger Agreement. In light of any possible need to solicit the approval of the Merger Agreement by a vote of the shareholders of the Company, the Company, at Purchaser's request and in accordance with the terms of the Merger Agreement, is preparing the Proxy Statement pursuant to which the approval of the shareholders of the Company of the Merger will be solicited in the event the Minimum Condition is not satisfied. The Merger Agreement further provides that the Company will cause the Proxy Statement to be mailed to its shareholders at the earliest practicable time in connection with the Company Shareholder Meeting.

RECOMMENDATION. The Company represents and warrants in the Merger Agreement that (i) the Board has authorized the Merger Agreement and the transactions contemplated thereby and (ii) the Company has received an opinion from Sutter Securities to the effect that, as of the date of the Merger Agreement, the Merger Consideration is fair to the Company's shareholders from a financial point of view.

CONDITIONS TO THE MERGER. The respective obligations of Purchaser and the Company to effect the Merger under the Merger Agreement are subject to the satisfaction at or prior to the Effective Time of the following conditions, unless waived by Purchaser and the Company: (i) unless Shares have been purchased under the Offer if required by the CGCL, the Merger Agreement and the Merger shall have been approved and adopted by the requisite vote of the shareholders of the Company in accordance with the CGCL; (ii) no preliminary or permanent injunction or other order shall have been issued by any court or by any governmental or regulatory agency, body or authority which prohibits the consummation of the Offer or the Merger and the transactions contemplated by the Merger Agreement and which is in effect at the Effective Time; provided, however, that, in the case of a decree, injunction or other order, each of the parties shall have used reasonable efforts to prevent the entry of any such injunction or other order and to appeal as promptly as possible any decree, injunction or other order that may be entered; and (iii) no statute, rule or regulation shall have been enacted, entered, promulgated or enforced by any governmental authority that prohibits the consummation of the Offer or the Merger or has the effect of making the purchase of the Shares illegal. The obligations of Purchaser to effect the Merger under the Merger Agreement are further subject to the satisfaction at or prior to the Effective Time of the conditions, unless waived by Purchaser, that (i) the Company's representations and warranties contained in the Merger Agreement shall be true and correct as of the closing unless the aggregate failure of such representations and warranties to be true and correct does not have a Material Adverse Effect (as defined below); (ii) the Company shall have performed and complied in all material respects with its obligations contained in the Merger Agreement required to be performed and complied with at or prior to the Effective Time unless

the failure of such performance or compliance does not have a Material Adverse Effect (as defined below); (iii) there shall have been no change in the Special Committee's recommendation that the shareholders of the Company accept the Offer and approve the Merger; and (iv) the holders of not more than 15% of the Shares shall have exercised, nor shall they have any continued right to exercise, appraisal, dissenters' or similar rights under applicable law with respect to their Shares by virtue of the Merger. The obligations of the Company to effect the Merger under the Merger Agreement are further subject to the satisfaction at or prior to the Effective Time of the conditions, unless waived by the Company, that (i) Purchaser's representations and warranties contained in the Merger Agreement shall be true and correct in all material respects at the closing; and (ii) Purchaser shall have performed and complied in all material respects with its obligations contained in the Merger Agreement that required to be performed and complied with at or prior to the Effective Time. The Merger Agreement defines "Material Adverse Effect" to mean a material adverse effect on the business, assets, financial condition or results of operation of the Company or on the ability of the Company or Purchaser to consummate the transactions contemplated by the Merger Agreement, or any event or events which, individually or in the aggregate, constitute or, with the passage of time, would constitute a Material Adverse Effect; provided, however, that there shall not be deemed a material adverse effect on the ability of Purchaser to consummate the transactions contemplated by the Merger Agreement if such material adverse effect is caused by the action or inaction of Purchaser or Purchaser's affiliates and there shall not be deemed to be a material adverse effect on the business, assets, financial condition results of operations of the Company or on

the ability of the Company to consummate the transactions contemplated by the Merger Agreement if such effect is proximately caused by Purchaser or Purchaser's affiliates to comply with the covenants set forth in the Merger Agreement.

TERMINATION OF THE MERGER AGREEMENT. The Merger Agreement may be terminated and the Offer and the Merger may be abandoned at any time (notwithstanding approval of the Merger by the shareholders of the Company) prior to the Effective Time: (a) by mutual written consent of Purchaser and the Company; (b) by Purchaser or the Company if any court of competent jurisdiction in the United States or other United States governmental body shall have issued an order, decree or ruling or taken any other final action restraining, enjoining or otherwise prohibiting the Merger or the acceptance for payment and payment for the Shares in the Offer and such order, decree, ruling or other action is or shall have become nonappealable; (c) by either the Company or Purchaser if the Merger shall not have been consummated by the date which is 180 days from the date of the Merger Agreement (the "Outside Date"); provided that this right to terminate shall not be available to any party whose failure to fulfill any obligation or condition under the Merger Agreement has been the cause of, or resulted in, the failure of the Merger to occur on or before the Outside Date and shall not be available to Purchaser if Purchaser has purchased Shares pursuant to the Offer; (d) by Purchaser if, prior to the earlier of (A) acceptance for payment of Shares pursuant to the Offer or (B) the closing, (i) there shall have been a breach of any representation or warranty on the part of the Company having a Material Adverse Effect, (ii) there shall have been a breach of any covenant or agreement on the part of the Company resulting in a Material Adverse Effect; (e) by the Company if (i) there shall have been a breach of any representation or warranty on the part of Purchaser which has a material adverse effect on the consummation of the Offer or the Merger or (ii) there shall have been a material breach of any covenant or agreement on the part of Purchaser which has a material adverse effect on the consummation of the Offer or the Merger; (f) by Purchaser, prior to the purchase of Shares pursuant to the Offer, if (i) the Special Committee shall have withdrawn or adversely modified its recommendation of the Offer, the Merger or the Merger Agreement or the Special Committee, upon request of Purchaser, shall fail to reaffirm such approval or recommendation within five business dates after such request if an Acquisition Proposal (as defined below) is pending, or shall have resolved to do any of the foregoing; (ii) the Special Committee shall have recommended to the shareholders of the Company that they approve an Acquisition Proposal (as defined below) other than the transactions contemplated by this Agreement; (iii) a tender offer or exchange offer that, if successful, would result in any Person or "group" becoming a "beneficial owner" (such terms having the meaning in this Agreement as is ascribed under Regulation 13D under the Exchange Act) of 15% or more of the

outstanding Shares is commenced (other than by Purchaser or an affiliate of Purchaser) and the Special Committee recommends that the shareholders of the Company tender their shares in such tender or exchange offer; (iv) for any reason the Company fails to call and hold the meeting of shareholders or (vi) if the Company or any of its representatives or agents who are not affiliates of Purchaser, shall willfully and materially breach the Company's obligations to cease pending discussions or entertain new proposals concerning an Acquisition Transaction (as defined below); or (g) by the Company, prior to the purchase of Shares pursuant to the Offer, if the Special Committee determines, on behalf of the Board of Directors, to accept a Superior Proposal (as defined below).

If the Merger Agreement is terminated by Purchaser for any reason prior to the earlier of the purchase of Shares by Purchaser pursuant to the Offer or the Effective Date, other than a termination pursuant to clauses (a), (b), (c), (d) or (e) set forth above in this section on "Termination of Merger Agreement," the Company shall reimburse Purchaser for Purchaser's reasonable costs and expenses incurred by Purchaser in connection with the Offer, the Merger and the Merger Agreement. If the Merger Agreement is terminated pursuant to clauses (f) or (g) set forth above, the Company shall also pay to Purchaser the sum of $2,400,000.

If the Merger Agreement is terminated for any of the above reasons, the Merger Agreement shall be of no further force or effect, except as otherwise set forth in the Merger Agreement. Additionally, any termination of the Merger Agreement shall not relieve any party from liability for any breach of the Merger Agreement.

ACQUISITION TRANSACTIONS. Pursuant to the Merger Agreement, the Company has agreed to immediately cease any existing discussions or negotiations with any third parties conducted prior to the date of the Merger Agreement with respect to any Acquisition Transaction (as defined below).

Unless and until the Merger Agreement has been terminated pursuant to the terms thereof, the Company and any of the Company's officers and directors shall not, and the Company shall direct and use its best efforts to cause its employees, agents and representatives (including, without limitation any investment banker, attorney or accountant retained by the Company) not to take or cause, directly or indirectly, any of the following actions with any party other than Purchaser or Purchaser's designees: (i) solicit, encourage, initiate, participate in or otherwise facilitate any negotiations, inquiries or discussions with respect to any offer, indication or proposal (each of the foregoing, an "Acquisition Proposal") to acquire all or more than 15% of the Company's business, assets or capital shares whether by merger, consolidation, or other business combination, purchase of assets, reorganization, tender or exchange offer (each of the foregoing, an "Acquisition Transaction") or (ii) disclose, in connection with an Acquisition Proposal, any information or provide access to its properties, books or records, except as required by law or pursuant to a governmental request for information.

The Merger Agreement provides that, prior to the Effective Time, the Company may participate in discussions or negotiations with, and furnish non-public information, and afford access to the properties, books, records, officers, employees and representatives of the Company to any Person, entity or group if such Person, entity or group has delivered to the Company, prior to the date of the Company's meeting of shareholders or action pursuant to the CGCL short-form merger provisions, as applicable, and in writing, an Acquisition Proposal which the Special Committee in its reasonable judgment determines if consummated would be more favorable, from a financial point of view, to the Company's shareholders than the transactions contemplated by the Merger Agreement, which determination shall be made only after the Special Committee (i) receives a written opinion of its legal counsel that the Special Committee would breach its fiduciary duties if it did not accept the Acquisition Proposal and (ii) a written opinion of the Company's financial adviser to the effect that the Acquisition Proposal is superior, from a financial point of view, to the Company's shareholders than the transactions contemplated by this Agreement (an Acquisition Proposal satisfying such conditions constituting a "Superior Proposal"). In the event the company receives a Superior Proposal, nothing contained in the Merger Agreement will prevent the

Special Committee from, on behalf of the Board of Directors, executing or entering into an agreement relating to such Superior Proposal and recommending such Superior Proposal to the shareholders of the Company, if the Special Committee determines in accordance with the preceding sentence that its fiduciary duties require it to do so; in such case, the Special Committee may withdraw, modify, or refrain from makings its recommendation of the transactions contemplated by the Merger Agreement; provided, however, that the Special Committee shall (i) promptly notify Purchaser, and in any event within 24 hours, if any Acquisition Proposal is received by, any such information is requested from, or any such negotiations or discussions are sought to be initiated or continued with, the Company, indicating, in connection with such notice, the name of such person and the material terms of such Acquisition Proposal, (ii) provide Purchaser at least 48 hours prior written notice of the Special Committee's intention, on behalf of the Board to execute or enter into an agreement relating to such Superior Proposal and (iii) terminate this Agreement by written notice to Purchaser provided no sooner than 48 hours after Purchaser's receipt of a copy of such Superior Proposal.

CONDUCT OF THE BUSINESS OF THE COMPANY. Pursuant to the Merger Agreement, the Company has agreed that it and its subsidiaries will use their best efforts to preserve intact their business organizations, to keep available the services of their operating personnel and to preserve the goodwill of those having business relationships with them, including, without limitation, suppliers. Except as contemplated by the Merger Agreement, until the Effective Time, the Board will not permit the Company or any of its subsidiaries to conduct its business and operations otherwise than in the ordinary and usual course of business consistent with past practice.

OTHER AGREEMENTS OF THE COMPANY AND PURCHASER.

In the Merger Agreement, Purchaser has agreed to cause (a) all rights to indemnification by the Company now existing in favor of the present and former directors of the Company as provided in the Company's articles of incorporation and bylaws, or rights of indemnification equivalent thereto and (b) limitations of liability in the Company's articles of incorporation, or limitations equivalent thereto, to survive the Merger and to continue in full force and effect in accordance with their terms.

For six years after the Effective Time, Purchaser has agreed to cause the Surviving Corporation to, indemnify, defend and hold harmless the present and former directors of the Company and its subsidiaries (each an "Indemnified Party") the full extent permitted by the Company's articles of incorporation, bylaws or indemnification agreements in effect at the date hereof provided, that in the event any claim or claims are asserted or made within such six year period, all rights to indemnification in respect of any such claim or claims shall continue until disposition of any and all such claims. The Surviving Corporation shall maintain the Company's existing officers' and directors' liability insurance policy ("D&O Insurance") for a period of six years after the Effective Time; provided, that the Surviving Corporation may substitute therefor policies of substantially similar coverage and amounts containing terms no less advantageous to such former directors or officers.

REASONABLE EFFORTS. The Merger Agreement provides that, subject to the terms of the Merger Agreement, each of the parties thereto will use all reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by the Merger Agreement and shall use all reasonable efforts to satisfy the conditions to the transactions contemplated thereby and to obtain all waivers, permits, consents and approvals and to effect all registrations, filings and notices with or to third parties or governmental or public bodies or authorities which are necessary or desirable in connection with the transactions contemplated by the Merger Agreement, including, but not limited to, filings to the extent required under the Exchange Act. Without limiting the generality of the foregoing, the Company and Purchaser will vigorously defend against any lawsuit or proceeding, whether judicial or administrative, challenging this Agreement or the consummation of any of the transactions contemplated hereby.

DIRECTORS AND OFFICERS. The director of Purchaser at the Effective Time shall be the director of the Surviving Corporation, to hold office subject to the articles of incorporation and bylaws of the Surviving Corporation, and until her successor is duly elected and qualified. The officers of the Company at the Effective Time shall be the initial officers of the Surviving Corporation until his or her successor is duly appointed and qualified.

REPRESENTATIONS AND WARRANTIES. The Merger Agreement contains customary representations and warranties.

ASSIGNMENT. The Merger Agreement provides that the Purchaser may assign its rights and obligations (including the right to purchase Shares in the Offer), in whole or in part, to any direct or indirect subsidiary of Purchaser, but no such assignment shall relieve Purchaser of its obligations under the Merger Agreement.

PROCEDURE FOR AMENDMENT, EXTENSION OR WAIVER. The Merger Agreement may be amended, modified or supplemented only by written agreement of Purchaser and the Company at any time prior to the Effective Time with respect to any of the terms contained therein executed by duly authorized officers of the respective parties, except that (i) prior to the Effective Time, consent by the Company shall require the approval of the Special Committee and (ii) after the Effective Time, the price per Share to be paid pursuant to the Merger Agreement to the holders of Shares shall in no event be decreased and the form of consideration to be received by the holders of the Shares in the Merger shall in no event be altered, and no other amendment which would adversely affect the holders of Shares shall be made, without the approval of the applicable holders.

Any failure of Purchaser, on the one hand, or the Company, on the other hand, to comply with any obligation, covenant, agreement or condition herein may be waived in writing by Purchaser or the Company, respectively, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of or estoppel with respect to any subsequent or other failure.

6. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES.

TENDERING SHAREHOLDERS. The following is a summary of the principal federal income tax consequences of the Offer and the Merger to holders whose Shares are purchased pursuant to the Offer or whose Shares are converted to cash in the Merger (including pursuant to the exercise of appraisal rights). This summary does not, however, purport to be a complete analysis of all the potential tax effects of the Offer and the Merger. This summary is based on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), currently

applicable Treasury regulations and judicial and administrative decisions and rulings. There can be no assurance that the Internal Revenue Service ("IRS") will not take a contrary view, and no ruling from the IRS has been or will be sought. Legislative, judicial or administrative changes may be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations could be retroactive and could affect the tax consequences to holders whose Shares are purchased pursuant to the Offer. The discussion does not purport to deal with all aspects of United States federal income taxation that may affect any particular holder in light of such holder's individual investment circumstances, and is not intended for certain types of holders subject to special treatment under the United States federal income tax law (E.G., holders of Shares in whose hands Shares are not capital assets, holders who received their Shares pursuant to the exercise of employee stock options or otherwise as compensation, financial institutions, broker-dealers, insurance companies, tax-exempt organizations, non-United States persons or persons who hold their Shares as part of a hedge, straddle, or conversion transaction).

EACH HOLDER OF SHARES SHOULD CONSULT SUCH HOLDER'S TAX ADVISOR TO DETERMINE THE APPLICABILITY OF THE RULES DISCUSSED BELOW TO SUCH HOLDER AND THE

PARTICULAR TAX EFFECTS OF THE OFFER AND THE MERGER, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER INCOME TAX LAWS.

The receipt of cash for Shares pursuant to the Offer or the Merger (including pursuant to the exercise of appraisal rights) will be a taxable transaction for federal income tax purposes under the Code. In general, for federal income tax purposes, a holder of Shares will recognize gain or loss equal to the difference between his or her adjusted tax basis in the Shares sold pursuant to the Offer or converted to cash in the Merger and the amount of cash received therefor. Gain or loss must be determined separately for each block of Shares (I.E., Shares acquired at the same cost in a single transaction) sold pursuant to the Offer or converted to cash in the Merger. Such gain or loss generally will be capital gain or loss provided the Shares are a capital asset in the hands of the shareholders and will be long-term capital gain or loss if, on the date of sale (or, if applicable, the date of the Merger), the Shares were held for more than one year. If a holder exercises such holder's appraisal rights and receives an amount treated as interest for federal income tax purposes, such amount will be taxed as ordinary income.

Payments in connection with the Offer or the Merger may be subject to "backup withholding" at a rate of 31%. Backup withholding generally applies if the holder (a) fails to furnish such holder's social security number or tax payer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) is subject to backup withholding due to previous failures to file a federal income tax return including reportable interest or dividend payments, or (d) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that such holder is not subject to backup withholding due to previous failures to file a federal income tax return including reportable interest or dividend payments. Backup withholding is not an additional tax, but rather it is an advance tax payment that is subject to refund if and to the extent that it results in an overpayment of tax. Certain taxpayers are generally exempt from backup withholding, including corporations and financial institutions. Certain penalties apply for failure to furnish correct information and for failure to include reportable payments in income. Each holder of Shares should consult with his or her own tax advisor as to his or her qualification for exemption from backup withholding and the procedure for obtaining such exemption. Tendering holders of Shares may be able to prevent backup withholding by completing the Substitute Form W-9 included in the Letter of Transmittal. See "The Tender Offer--Section 3. Procedure for Tendering Shares."

7. DISSENTERS' RIGHTS.

No appraisal rights are available in connection with Shares purchased in the Offer. If the Merger is consummated, however, shareholders of the Company may have certain rights under Chapter 13 of the CGCL to dissent and demand appraisal of, and to receive payment in cash of the fair value of, their Shares converted into a right to cash in the Merger. If the Surviving Corporation and a dissenting shareholder agree that his or her Shares are Dissenting Shares and agree upon the fair market value of the Shares, then the dissenting shareholder is entitled to receive a cash payment equal to the agreed fair market value of the Shares and interest thereon at the legal rate on judgments from the date of such agreement. If, however, the Surviving Corporation denies that Shares are Dissenting Shares, or the Surviving Corporation and a dissenting shareholder fail to agree upon the fair market value of his or her Shares, then the

dissenting shareholder may seek to have the applicable California superior court determine whether his or her Shares are Dissenting Shares or the fair market value of such Shares. If the status of such Shares as Dissenting Shares is in issue, the superior court shall determine that issue first, and if the fair market value of the Dissenting Shares is in issue, the superior court shall determine, or appoint one or more impartial appraisers to determine, the fair market value of such Shares. The fair market value shall be determined as of the day before the first announcement of the terms of the Merger, excluding any appreciation or depreciation as a result of the transactions contemplated by the Merger Agreement. The value so determined could be more or less than the price per share to be paid in the Merger.

THE FOREGOING SUMMARY OF THE RIGHTS OF DISSENTING SHAREHOLDERS DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE PROCEDURES TO BE FOLLOWED

BY SHAREHOLDERS DESIRING TO EXERCISE ANY AVAILABLE APPRAISAL RIGHTS AND IS QUALIFIED BY REFERENCE TO THE FULL TEXT OF CHAPTER 13 OF THE CGCL, ATTACHED HERETO AS SCHEDULE IV AND INCORPORATED BY REFERENCE HEREIN. THE PRESERVATION AND EXERCISE OF APPRAISAL RIGHTS ARE CONDITIONED ON STRICT ADHERENCE TO THE APPLICABLE PROVISIONS OF THE CGCL.

THE TENDER OFFER

1. TERMS OF THE OFFER.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), Purchaser will accept for payment and pay for all Shares validly tendered prior to the Expiration Date, and not theretofore withdrawn in accordance with "The Tender Offer--Section 4. Withdrawal Rights" of this Offer to Purchase, as soon as legally permitted and practicable after the Expiration Date. The term "Expiration Date" means 12:00 Midnight, New York City time, on Friday, October 15, 1999, unless Purchaser shall have extended the period of time for which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date as of which the Offer, as so extended by Purchaser, shall expire. UNDER NO CIRCUMSTANCES WILL ANY INTEREST BE PAID ON THE OFFER PRICE FOR TENDERED SHARES, REGARDLESS OF ANY EXTENSION OF THE OFFER OR ANY DELAY IN MAKING SUCH PAYMENT.

In the Merger Agreement, Purchaser has agreed that it will not, without the consent of the Company, waive the Minimum Condition. Purchaser expressly reserves the right to modify the terms of the Offer, provided that, unless previously approved by the Company in writing, no change may be made that decreases the price per Share payable in the Offer, changes the form of consideration payable in the Offer, reduces the number of Shares subject to the Offer, imposes additional conditions to the Offer, changes the expiration date of the Offer if upon the scheduled expiration date the Offer conditions have been satisfied or otherwise amends, adds or waives any term or condition of the Offer in any manner adverse to the holders of Shares.

Notwithstanding the foregoing, Purchaser may, without the consent of the Company, (i) extend the Offer, if at the scheduled expiration date of the Offer any of the conditions to Purchaser's obligation to purchase Shares are not satisfied, until such time as such conditions are satisfied or waived, (ii) extend the Offer for any period required by any statute, rule, regulation, interpretation or position of the Commission or any other governmental authority or agency applicable to the Offer, or (iii) extend the Offer on one or more occasions for an aggregate of not more than 20 business days beyond the expiration date that would otherwise be permitted under clauses (i) and (ii) of this sentence, provided, however, that (iv) Purchaser shall extend the Offer up to twenty business days following its initial expiration upon the prior reasonable request by the Special Committee and (v) Purchaser shall not extend the Offer beyond twenty business days following its initial expiration without the prior consent of the Special Committee.

The Offer is conditioned upon, among other things, satisfaction of the Minimum Condition. If any or all of such conditions are not satisfied, or if any or all of the other events set forth in "The Tender Offer-- Section 11. Certain Conditions of the Offer" shall have occurred prior to the Expiration Date, Purchaser reserves the right (but shall not be obligated) to (i) decline to purchase any of the Shares tendered in the Offer and terminate the Offer and return all tendered Shares to the tendering shareholders, (ii) except as set forth above with respect to the Minimum Condition, waive or amend any or all of the unsatisfied conditions to the Offer to the extent permitted by applicable law and accept for payment and pay for all Shares validly tendered prior to the

Expiration Date and not theretofore withdrawn, or (iii) subject to complying with applicable rules and regulations of the Commission, purchase all Shares validly tendered, or extend the Offer and, subject to the right of shareholders to withdraw Shares until the Expiration Date, retain the Shares which have been tendered during the period or periods for which the Offer is extended.

Subject to the applicable rules and regulations of the Commission, Purchaser also expressly reserves the right, in its sole discretion, at any time and from time to time, (i) to delay acceptance for payment of, or, regardless of whether such Shares were theretofore accepted for payment, payment for any Shares pending receipt of any regulatory approval specified in "The Tender Offer--Section 12. Certain Regulatory and Legal Matters," (ii) to terminate the Offer and not accept for payment any Shares upon the occurrence of any of the conditions specified in "The Tender Offer--Section 11. Certain Conditions of the Offer" and (iii) to waive any condition or otherwise amend the Offer in any respect, by giving oral or written notice of such delay, termination, waiver or amendment to the Depositary and by making a public announcement thereof, provided, however, that Purchaser may not waive the Minimum Condition without the prior written consent of the Company. Purchaser acknowledges that (i) Rule 14e-1(c) under the Exchange Act requires a bidder to pay the consideration offered or to return the securities tendered promptly after the termination or withdrawal of a tender offer and (ii) Purchaser may not delay acceptance for payment of, or payment for (except as provided in clause (i) of the first sentence of this paragraph), any Shares upon the occurrence of any of the conditions specified in "The Tender Offer--Section 11. Certain Conditions of the Offer" without extending the period of time during which the Offer is open.

Any such extension, delay, termination, waiver or amendment will be followed as promptly as practicable by public announcement thereof, such announcement in the case of an extension to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Subject to applicable rules and regulations (including Rules 14d-4(c) and 14d-6(d) under the Exchange Act, which require that material changes be promptly disseminated to shareholders in a manner reasonably designed to inform them of such changes) and without limiting the manner in which Purchaser may choose to make any public announcement, Purchaser shall have no obligation to publish, advertise or otherwise communicate any such public announcement, other than by issuing a press release to the Dow Jones News Service.

If Purchaser makes a material change in the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer, Purchaser will disseminate additional tender offer materials and extend the Offer if and to the extent required by Rules 14d-4(c), 14d-6(d) and 14e-1 under the Exchange Act. The minimum period during which a tender offer must remain open following material changes in the terms thereof or the information concerning such tender offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances, including the relative materiality of the terms or information changes. In the Commission's view, an offer should remain open for a minimum of five business days from the date the material change is first published, sent or given to shareholders, and, if material changes are made with respect to information that approaches the significance of price and share levels, a minimum of ten business days may be required to allow for adequate dissemination and investor response. With respect to a change in price or a change in percentage of securities sought, a minimum ten business day period is generally required to allow for adequate dissemination to shareholders and investor response.

The Company has provided Purchaser with the Company's shareholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase, the related Letter of Transmittal and other relevant materials are being mailed to record holders of Shares whose names appear on the Company's shareholder list and are being furnished, for subsequent transmittal to beneficial owners of Shares, to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the shareholder list or who are listed as participants in a clearing agency's security position listing.

2. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR SHARES.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), Purchaser will accept for payment and will pay for, all Shares validly tendered prior to the Expiration Date, and not theretofore withdrawn in accordance with "The Tender Offer--Section 4. Withdrawal Rights" of this Offer to

Purchase, promptly after the later to occur of (a) the Expiration Date and (b) subject to compliance with the applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Exchange Act, the satisfaction or waiver of the conditions set forth in "The Tender Offer--Section 11. Certain Conditions of the Offer" of this Offer to Purchase. Notwithstanding the immediately preceding sentence and subject to applicable rules and regulations of the Commission, Purchaser expressly reserves the right to delay acceptance for payment of, or payment for, Shares pending receipt of any regulatory approvals specified in "The Tender Offer--Section 12. Certain Regulatory and Legal Matters" or in order to comply in whole or in part with applicable laws. Any such delay will be effected in compliance with Rule 14e-l(c) under the Exchange Act (which requires a bidder to pay the consideration offered or return the securities tendered promptly after the termination or withdrawal of a tender offer).

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) the Share Certificates or timely confirmation (a "Book-Entry Confirmation") of a book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedures set forth in "The Tender Offer--Section 3. Procedure for Tendering Shares," (ii) the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message (as defined below) and (iii) any other documents required under the Letter of Transmittal.

The term "Agent's Message" means a message, transmitted by the Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation that states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility tendering the Shares which are the subject of such book-entry confirmation, that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that Purchaser may enforce such agreement against such participant.

For purposes of the Offer, Purchaser will be deemed to have accepted for payment (and thereby purchased) Shares validly tendered and not properly withdrawn as, if and when Purchaser gives oral or written notice to the Depositary of Purchaser's acceptance for payment of such Shares pursuant to the Offer. Upon the terms and subject to the conditions of the Offer, payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payments from Purchaser and transmitting such payments to tendering shareholders whose Shares have been accepted for payment. Under no circumstances will interest on the purchase price for Shares be paid, regardless of any delay in making such payment.

If Purchaser extends the Offer or if Purchaser is delayed in its acceptance for payment of or payment for Shares (whether before or after its acceptance for payment of Shares) or it is unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to Purchaser's rights under the Offer (but subject to compliance with Rule 14e-1(c) under the Exchange Act, which requires that a bidder to pay the consideration offered or return the securities tendered promptly after termination or withdrawal of a tender offer), the Depositary may, nevertheless, on behalf of Purchaser, retain tendered Shares, and such Shares may not be withdrawn except to the extent tendering shareholders are entitled to exercise withdrawal rights as described in Section 4 below.

If any tendered Shares are not accepted for payment for any reason pursuant to the terms and conditions of the Offer, or if Share Certificates are submitted evidencing more Shares than are tendered or accepted for payment, Share Certificates evidencing unpurchased Shares will be returned, without expense to the tendering shareholder (or, in the case of Shares tendered by book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility pursuant to the procedure set forth in "The Tender Offer--Section 3. Procedure for Tendering Shares," such Shares will be credited to an account maintained at the Book-Entry Transfer Facility), as promptly as practicable following the expiration or termination of the Offer.

If, prior to the Expiration Date, Purchaser increases the consideration to be paid per Share pursuant to the Offer, Purchaser will pay such increased

consideration for all such Shares purchased pursuant to the Offer, whether or not such Shares were tendered prior to such increase in consideration.

Purchaser reserves the right to transfer or assign, in whole or from time to time in part, to one or more of its affiliates, the right to purchase all or any portion of the Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve Purchaser of its obligations under the Offer and will in no way prejudice the rights of tendering shareholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

3. PROCEDURE FOR TENDERING SHARES.

VALID TENDER OF SHARES AND RIGHTS. Except as set forth below, in order for Shares to be validly tendered pursuant to the Offer, the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in connection with a book-entry delivery of Shares and any other documents required by the Letter of Transmittal, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase on or prior to the Expiration Date and either (i) Share Certificates representing tendered Shares must be received by the Depositary, or such Shares must be tendered pursuant to the procedure for book-entry transfer set forth below and a Book-Entry Confirmation must be received by the Depositary, in each case on or prior to the Expiration Date, or (ii) the guaranteed delivery procedures set forth below must be complied with.

THE METHOD OF DELIVERY OF SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH THE BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING SHAREHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY INCLUDING, IN THE CASE OF A BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

BOOK-ENTRY TRANSFER. The Depositary will establish accounts with respect to the Shares at the Book-Entry Transfer Facility for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the system of the Book-Entry Transfer Facility may make a book-entry delivery of Shares by causing the Book-Entry Transfer Facility to transfer such Shares into the Depositary's account at the Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's procedures for such transfer. However, although delivery of Shares may be effected through book-entry transfer at the Book-Entry Transfer Facility, the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in lieu of the Letter of Transmittal, and any other required documents, must, in any case, be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or the tendering shareholder must comply with the guaranteed delivery procedure described below.

DELIVERY OF DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

SIGNATURE GUARANTEE. Signatures on all Letters of Transmittal must be guaranteed by a firm which is a member of the Medallion Signature Guarantee Program, or by any other "eligible guarantor institution," as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing being referred to as an "Eligible Institution"), except in cases where Shares are tendered (i) by a registered holder of Shares who has not completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution. If a

Share is registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made, or a Share Certificate is not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear on the certificates, with the signature(s) on such certificates or stock powers guaranteed by an Eligible Institution. See Instructions 1 and 5 of the Letter of Transmittal.

GUARANTEED DELIVERY. If a shareholder desires to tender Shares pursuant to the Offer and such shareholder's Share Certificates are not immediately

available or such shareholder cannot deliver all required documents to the Depositary prior to the Expiration Date, or such shareholder cannot complete the procedure for delivery by book-entry transfer on a timely basis, such Shares may nevertheless be tendered, provided that all the following conditions are satisfied:

(i) such tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form made available by Purchaser, is received prior to the Expiration Date by the Depositary as provided below; and

(iii) the Share Certificates (or a Book-Entry Confirmation) evidencing all tendered Shares, in proper form for transfer, in each case together with the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and any other documents required by the Letter of Transmittal are received by the Depositary within three Nasdaq National Market trading days of the date of execution of such Notice of Guaranteed Delivery. A "trading day" is any day on which the Nasdaq National Market is open for business.

The Notice of Guaranteed Delivery may be delivered by hand or mail or transmitted by telegram or facsimile transmission to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in the form of Notice of Guaranteed Delivery made available by Purchaser.

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of the Share Certificates evidencing such Shares, or a Book-Entry Confirmation of the delivery of such Shares, and the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message), and any other documents required by the Letter of Transmittal.

DETERMINATION OF VALIDITY. All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by Purchaser in its sole discretion, which determination shall be final and binding on all parties. Purchaser reserves the absolute right to reject any and all tenders determined by it not to be in proper form or the acceptance for payment of which may, in the opinion of its counsel, be unlawful. Purchaser also reserves the absolute right to waive any condition of the Offer or any defect or irregularity in the tender of any Shares of any particular shareholder, whether or not similar defects or irregularities are waived in the case of other shareholders. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. None of Purchaser, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto) will be final and binding.

APPOINTMENT AS PROXY. By executing the Letter of Transmittal as set forth above, a tendering shareholder irrevocably appoints designees of Purchaser as such shareholder's proxies, each with full power of substitution, in the manner set forth in the Letter of Transmittal, to the full extent of such

shareholder's rights with respect to the Shares tendered by such shareholder and accepted for payment by Purchaser (and with respect to any and all other Shares or other securities issued or issuable in respect of such Shares on or after the date of this Offer to Purchase). All such proxies shall be considered coupled with an interest in the tendered Shares. Such appointment will be effective when, and only to the extent that, Purchaser accepts such Shares for payment. Upon such acceptance for payment, all prior proxies given by such shareholder with respect to such Shares (and such other Shares and securities) will be revoked without further action, and no subsequent proxies may be given nor any subsequent written consent executed by such shareholder (and, if given or executed, will not be deemed to be effective) with respect thereto. The designees of Purchaser will, with respect to the Shares for which the appointment is effective, be empowered to exercise all voting and other rights of such shareholder as they in their sole discretion may deem proper at any annual or special meeting of the Company's shareholders or any adjournment or postponement thereof, by written consent in lieu of any such meeting or otherwise. Purchaser reserves the right to require that, in order for Shares to

be deemed validly tendered, immediately upon Purchaser's payment for such Shares, Purchaser must be able to exercise full voting rights with respect to such Shares.

The acceptance for payment by Purchaser of Shares pursuant to any of the procedures described above will constitute a binding agreement between the tendering shareholder and Purchaser upon the terms and subject to the conditions of the Offer.

4. WITHDRAWAL RIGHTS.

Tenders of Shares made pursuant to the Offer are irrevocable except that such Shares may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by Purchaser pursuant to the Offer, may also be withdrawn at any time after November 8, 1999. If Purchaser extends the Offer, is delayed in its acceptance for payment of Shares or is unable to accept Shares for payment pursuant to the Offer for any reason, then, without prejudice to Purchaser's rights under the Offer, the Depositary may, nevertheless, on behalf of Purchaser, retain tendered Shares, and such Shares may not be withdrawn except to the extent that tendering shareholders are entitled to withdrawal rights as described in this "Section 4. Withdrawal Rights." Any such delay will be by an extension of the Offer to the extent required by applicable rules and regulations.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover page of this Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of such Shares, if different from that of the person who tendered such Shares. If certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution, unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedures for book-entry transfer as set forth in "The Tender Offer--Section 3. Procedure for Tendering Shares," any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Purchaser, in its sole discretion, whose determination will be final and binding. None of Purchaser, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

Any Shares properly withdrawn will thereafter be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn Shares may be re-tendered at any time prior to the Expiration Date by following one of the procedures described in "The Tender Offer--Section 3. Procedure for Tendering Shares."

5. PRICE RANGE OF SHARES; DIVIDENDS.

The Shares are listed and trade on the Nasdaq National Market under the symbol "DLNK." The following table sets forth for the quarterly fiscal periods ended March 31, June 30, September 30 and December 31 1997, 1998 and 1999, the closing high and low last sales prices per Share as reported by the Nasdaq National Market.

<TABLE>
<CAPTION>

	HIGH	LOW
<S>	<C>	<C>
1997:		
First Quarter	$ 24.25	$ 12.50
Second Quarter	$ 21.75	$ 13.75
Third Quarter	$ 27.375	$ 18.875
Fourth Quarter	$ 26.25	$ 9.406
1998:		
First Quarter	$ 12.50	$ 9.50

Second Quarter	$ 11.125	$ 6.750
Third Quarter	$ 7.656	$ 3.750
Fourth Quarter	$ 5.688	$ 3.234
1999:		
First Quarter	$ 8.813	$ 5.00
Second Quarter	$ 8.125	$ 6.25
Third Quarter (through September 9, 1999)	$ 11.125	$ 7.125

On September 2, 1999, the last full trading day before the first public announcement of the execution of the Merger Agreement, the closing price per Share as reported on the Nasdaq National Market was $8.188. On September 9, 1999, the last full trading day before the commencement of the Offer, the closing price per Share as reported on the Nasdaq National Market was $9.9375. HOLDERS OF SHARES ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

Purchaser has been advised by the Company that the Company has never paid any cash dividends on the Shares.

6. CERTAIN INFORMATION CONCERNING THE COMPANY.

The information concerning the Company contained in this Offer to Purchase has been furnished by the Company or has been taken from or is based upon publicly available documents and records on file with the Commission and other public sources. Purchaser and the Gupta Family do not assume any responsibility for the accuracy or completeness of the information concerning the Company contained in such documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Purchaser and the Gupta Family.

GENERAL. The Company is a California corporation with its principal executive offices located at 217 Humboldt Court, Sunnyvale, California 94089. The Company's telephone number is (408) 745-6200. The Company designs, manufactures, markets and supports a broad range of digital wide-area network ("WAN") access products for global networks. The Company's products are used by service providers as infrastructure equipment and by business enterprises for connectivity to WAN services, such as leased lines, frame relay, Internet Protocol, Switched Multimegabit Data Service, Asynchronous Transfer Mode and Digital Subscriber Line. The Company's products allow local area network-based internetworking devices, such as routers and switches, to access WANs and also integrate data with digitized voice and video traffic for more efficient line utilization. The Company's products are used both in the customer premise equipment environment and in the networks of interexchange carriers, Internet service providers

and telephone companies. The Company markets and sells its products in North America, Europe, South America and Asia primarily through its direct sales force, value-added resellers and original equipment manufacturers.

FINANCIAL INFORMATION. Set forth below is certain selected consolidated financial data with respect to the Company excerpted or derived in part from financial information contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999. More comprehensive financial information is included in such reports and other documents filed by the Company with the Commission. For the periods covered by such reports, the following summary is qualified in its entirety by reference to such reports and such other documents and all the financial information (including any related notes) contained therein. Such reports and other documents should be available for inspection and copies thereof should be obtainable in the manner set forth below under "Available Information."

DIGITAL LINK CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA
(THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30	YEAR ENDED DECEMBER 31

	1999	1998	1998	1997
<S>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:				
Net Sales	$ 30,855	$ 27,317	$ 54,627	$ 66,008
Cost of Sales	14,345	14,036	31,442	29,078
Gross Profit	16,510	13,281	23,185	36,930
Expenses:				
Research and development	5,185	6,389	12,580	11,005
Selling, general and administrative	9,843	9,988	18,716	22,019
Purchased in-process research and development and restructuring charges(1)(2)	0	2,299	4,805	3,651
Total operating expenses	15,028	18,676	36,101	36,675
Operating Income (loss)	1,482	(5,395)	(12,916)	255
Other income	940	1,068	2,196	2,524
Income (loss) before provision (benefit) for income taxes	2,422	(4,327)	(10,720)	2,779
Provision (benefit) for income taxes	605	(1,690)	(4,248)	847
Net Income (Loss)	$ 1,817	$ (2,637)	$ (6,472)	$ 1,932
PER SHARE DATA:				
Net income (loss) per share (basic)	$ 0.22	$ (0.28)	$ (0.71)	$ 0.21
Shares used in computing per share amounts	8,178	9,403	9,176	9,249
Net income (loss) per share (diluted)	$ 0.22	$ (0.28)	$ (0.71)	$ 0.20
Shares used in computing per share amounts	$ 8,260	$ 9,403	$ 9,176	$ 9,600

<TABLE>
<CAPTION>

	AT		AT	
	JUNE 30, 1999	JUNE 30, 1998	DECEMBER 31, 1998	DECEMBER 31, 1997
<S>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:				
Cash, cash equivalents and marketable securities	$ 36,200	$ 37,236	$ 34,730	$ 42,429
Working capital	7,796	24,961	22,135	28,901
Total assets	53,754	61,443	54,906	66,056
Total shareholders' equity	43,196	52,175	45,366	57,334

</TABLE>

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(1) ACQUISITIONS:

The Company incurred an expense of $2.3 million related to purchased research and development for which technological feasibility had not been achieved in the second quarter of 1998 related to the acquisition of Semaphore. Such in-process technology was valued, along with other acquired assets, using a discounted cash flow analysis with separate cash flow projections for existing and in-process technology. The value of in-process technology for which technological feasibility had not been established and for which there was no alternative use was expensed upon acquisition in accordance with Financial Accounting Standards ("FAS") No. 2, "Accounting for Research and Development Costs".

The Company incurred an expense of $3.7 million related to purchased research and development for which technological feasibility had not been achieved in the third quarter of 1997 in connection with its acquisition of certain assets and in-process technology for $5 million in cash from Performance Telecom. Such in-process technology was valued, along with other acquired assets, using a discounted cash flow analysis with separate cash flow projections for existing and in-process technology. The value of in-process technology for which technological feasibility had not been established and for which there was no alternative use was expensed upon acquisition in accordance with FAS No. 2, "Accounting for Research and

Development Costs." This technology was designed to enable network service providers to offer applications such as Internet access, interactive video services, remote data access and multimedia applications at multi-megabit-per-second speeds over standard voice-grade copper lines.

The results attributable to the acquisition of the assets of Performance Telecom and Semaphore have been consolidated with the Company's results since September 30, 1997 and April 3, 1998, respectively.

The following unaudited pro forma condensed combined results of operations information has been presented to give effect to the purchase of the Semaphore assets as if such transaction had occurred at the beginning of each of the periods presented. The historical results of operations have been adjusted to reflect additional depreciation and amortization expense based on the value allocated to assets acquired in the purchase. In-process research and development costs in the amount of $2,299,000, which were written off immediately after the purchase was completed, have been included in the results of both periods presented. The pro forma results of operations information is presented for informational purposes only and is not necessarily indicative of the operating results that would have occurred had the acquisition been consummated as of the beginning of the periods presented, nor is it indicative of future operating results.

UNAUDITED PRO FORMA CONDENSED COMBINED RESULTS OF OPERATIONS
(AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	TWELVE MONTHS ENDED DECEMBER 31,	
	1998	1997
<S>	<C>	<C>
Revenue	$ 55,113	$ 69,992
Net loss	(7,857)	(3,345)
Earnings per share (Basic)		
Net loss per share	(0.83)	(0.35)
Shares used in per share calculation	9,467(a)	9,540(a)
Earnings per share (Diluted)		
Net loss per share	(0.83)	(0.35)
Shares used in per share calculation	9,467(a)	9,540(a)

</TABLE>

Shares used in pro forma earnings per share basic and diluted calculations for the twelve months ended December 31, 1998 are as follows (in thousands):

<TABLE>
<CAPTION>

Shares issued in asset acquisition	291(b)
<S>	<C>
Existing Shares	9,176
	9,467

</TABLE>

Shares used in pro forma earnings per share basic and diluted calculations for the twelve months ended December 31, 1997 are as follows (in thousands):

<TABLE>

<S>	<C>
Shares issued in asset acquisition	291(b)
Existing shares	9,249
	9,540

</TABLE>

(a) Shares used in the per share calculation reflect Shares issued to Semaphore as if they were outstanding from the beginning of each period presented and existing Shares.

(b) The number of shares issued was determined by dividing $3,200 by the volume-weighted average price per share (as reported by Bloomberg Financial Services) at which the Company's common stock traded on the five business days immediately preceding the execution of the asset sale agreement by the parties.

(2) RESTRUCTURING CHARGES:

The Company incurred an expense of $2.5 million in the third quarter of 1998 related to the termination of its DL7100 and VPN product lines, including termination of 25 project employees, abandonment of a leased facility and related fixed assets. Since the products included use of, or planned integration of, technologies and other assets acquired through the Company's acquisitions of Semaphore and Performance Telecom, the Company also evaluated those acquired assets, which had no alternative future use, for realizability. The restructuring expense of $2.5 million consisted primarily of severance costs of $500,000, legal and lease commitment costs of $500,000 and the write-off of goodwill and fixed assets of $1.5 million related to the aforementioned acquisitions. In addition to these costs the Company reflected $3.2 million of restructuring related costs in cost of sales for inventory write-downs and warranty reserves.

All 25 project employees were notified of their termination severance benefits by September 30, 1998 and 84% of these benefits were actually paid by the end of December 1998. The Company's leased facility was exited in the first quarter of 1999. Remaining accrued restructuring charges amounted to $1.2 million as of December 31, 1998, primarily for legal product claims and warranty expenses associated with the termination of the aforementioned product lines.

BOOK VALUE PER SHARE. The Company's book value per Share was $5.34 as of as of December 31, 1998 and $6.08 as of June 30, 1999.

AVAILABLE INFORMATION. The Company is subject to the informational filing requirements of the Exchange Act and, in accordance therewith, is required to file periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. Information as of particular dates concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company is required to be disclosed in proxy statements distributed to the Company's shareholders and filed with the Commission. Such reports, proxy statements and other information should be available for inspection at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and also should be available for inspection at the Commission's regional offices located at Seven World Trade Center, 13th Floor, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. The Commission also maintains an Internet site on the World Wide Web at http://www.sec.gov that contains reports, proxy statements and other information. Copies of such materials may also be obtained by mail, upon payment of the Commission's customary fees, by writing to its principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The information should also be available for inspection at the Nasdaq Stock Market, 1735 K Street, N.W., Washington, D.C. 20006.

CERTAIN FINANCIAL FORECASTS

GENERAL. The financial forecast set forth below was derived from the Company's internal business plan. The financial forecast does not give effect to the Offer or the Merger and does not reflect any benefits that might be realized by the Company upon consummation of the Merger. Copies of the projections were provided to each of DRW and Sutter Securities in connection with their engagements by the Company or Purchaser.

CERTAIN IMPORTANT CAVEATS AND LIMITATIONS. Financial forecasts involve estimates as to the future that, notwithstanding the fact that they are presented with numeric specificity, may or may not prove to be accurate. The financial forecast set forth below reflects numerous assumptions as to industry performance, general business and economic conditions, regulatory and legal requirements, taxes and other matters, many of which are beyond the control of the Company. Similarly, the financial forecast assumes certain future business decisions which are subject to change. Moreover, PricewaterhouseCoopers LLP, independent auditors for the Company, have not examined, compiled or applied agreed-upon procedures to the financial forecast set forth below and,

consequently, assume no responsibility therefor.

THERE CAN BE NO ASSURANCE THAT THE RESULTS PREDICTED BY THE FINANCIAL FORECAST SET FORTH BELOW WILL BE REALIZED. ACTUAL RESULTS WILL VARY FROM THOSE REPRESENTED BY THE FINANCIAL FORECAST, AND THOSE VARIATIONS MAY BE MATERIAL. THE INCLUSION OF THE FINANCIAL FORECAST SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE COMPANY OR ANY OTHER PERSON THAT THE FORECASTED RESULTS WILL BE ACHIEVED. RECIPIENTS OF THIS OFFER TO PURCHASE ARE CAUTIONED TO CONSIDER CAREFULLY THE FOREGOING AND THE ASSUMPTIONS SET FORTH BELOW WHILE REVIEWING THE FINANCIAL FORECAST. IN ADDITION, EXCEPT AS NOTED ABOVE, THE COMPANY HAS NOT UPDATED THE FORECAST TO REFLECT DEVELOPMENTS OCCURRING AFTER AUGUST 23, 1999, THE DATE THE FORECAST WAS PREPARED. THE COMPANY DOES NOT INTEND TO UPDATE OR PUBLICLY REVISE THE FORECAST.

SUMMARY OF SIGNIFICANT ASSUMPTIONS
FOR THE FINANCIAL FORECAST

1. Summary of Significant Assumptions for the Financial Forecast.

(a) The financial forecast assumes that, during all relevant time periods, (1) the Company does not obtain additional sources of financing and (2) the Company has sufficient cash for working capital and other purposes and (3) will have interest income of approximately $2 million annually.

(b) The financial forecast assumes revenue growth at a rate of 17.2%, 12.5%, 15.3%, 10.0%, and 10.0% in each of the fiscal years ended December 31, 1999, 2000, 2001, 2002 and 2003, respectively.

(c) The financial forecast assumes gross margin to be 54% of net sales in each of the fiscal years ended December 31, 1999, 2000, 2001, 2002 and 2003, respectively.

(d) The financial forecast assumes research and development expenditures to be approximately 17% of net sales in each of the fiscal years ended December 31, 1999, 2000, 2001, 2002 and 2003, respectively.

(e) The financial forecast assumes selling, general and administrative expense as a percentage of net sales is assumed to be 30.6%, 29.2%, 28.4%, 28.0% and 27.5% in each of the fiscal years ended December 31, 1999, 2000, 2001, 2002 and 2003, respectively.

(f) The financial forecast assumes income taxes at an effective tax rate to be 25%, 25%, 34%, 34% and 34% in each of the fiscal years ended December 31, 1999, 2000, 2001, 2002 and 2003, respectively, and all tax expense is assumed to have been paid in the year in which it is due.

(g) The financial forecast assumes no significant impact of Y2K slow down on the Company's customer base, which may adversely impact the revenues in the fourth quarter of 1999.

(h) The financial forecast assumes maintaining a book to bill ratio in a fiscal year of at least one.

(i) The financial forecast assumes the Company's business with its carrier customers continuing at current levels. As in the past, the Company's carrier business has limited visibility.

(j) The financial forecast does not include any new products that the Company may conceive and elect to develop in the future.

(k) The financial forecast assumes price reductions in the Company's products over a period of time.

INCOME STATEMENT DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	1999	2000	2001	2002	2003
<S>	<C>	<C>	<C>	<C>	<C>

Net Sales	$ 64,000	$ 72,000	$ 83,000	$ 91,300	$ 100,430
Cost of sales	29,300	33,120	38,180	41,998	46,198
Gross profit	34,700	38,880	44,820	49,302	54,232
Operating expenses:					
Research and development	10,900	12,000	14,200	15,521	17,073
Sales, general and administrative	19,600	21,000	23,600	25,564	27,618
Total operating expense	30,500	33,000	37,800	41,085	44,691
Operating income	4,200	5,880	7,020	8,217	9,541
Other income:					
Interest/other income (expense)	2,016	2,000	2,000	2,000	2,000
Total other income	2,016	2,000	2,000	2,000	2,000
Pretax income	6,216	7,880	9,020	10,217	11,541
Income taxes	1,554	1,970	3,067	3,474	3,924
Net income	$ 4,662	$ 5,910	$ 5,953	$ 6,743	$ 7,617
Weighted Average Shares outstanding	8,011	8,011	8,011	8,011	8,011
Earnings per share	$ 1.58	$ 0.73	$ 0.74	$ 0.84	$ 0.95
Effective Tax Rate	25.00%	25.00%	34.00%	34.00%	34.00%
Depreciation and amortization	$ 1,656	$ 1,556	$ 1,400	$ 1,300	$ 1,200
Earnings before interest, taxes, depreciation and amortization	$ 5,856	$ 7,436	$ 8,420	$ 9,517	$ 10,741

</TABLE>

BALANCE SHEET DATA
(IN THOUSANDS)

<TABLE>
<CAPTION>

	DECEMBER 31,				
	1999	2000	2001	2002	2003
<S>	<C>	<C>	<C>	<C>	<C>
ASSETS					
Cash	$ 7,867	$ 13,777	$ 19,730	$ 25,489	$ 31,830
Accounts receivable, net	6,488	7,299	8,414	9,257	10,182
Inventories	3,800	3,800	3,800	4,200	4,620
Prepaid expenses	1,000	1,000	1,000	1,000	1,000
Deferred Taxes	3,069	3,069	3,069	3,000	3,000
Short term marketable securities					
Total current assets	22,223	28,944	36,012	42,945	50,632
Plant, property and equipment (gross)	9,291	10,947	12,447	13,947	15,447
Accumulated depreciation	6,991	8,547	9,947	11,247	12,447
Net property, plant & equipment	2,300	2,400	2,500	2,700	3,000
Other assets	1,938	1,938	1,938	1,938	1,938
Long term investments	31,179	31,179	31,179	31,179	31,179
Total Assets	$ 57,640	$ 64,460	$ 71,629	$ 78,762	$ 86,748
LIABILITIES & EQUITY					
Accounts payable	$ 3,049	$ 3,710	$ 4,175	$ 4,565	$ 4,185
Accrued payroll	2,800	2,800	2,800	2,800	2,800
Accrued liabilities	5,000	5,000	5,500	5,500	6,000
Income tax payable	750	1,000	1,250	1,250	1,500
Total current liabilities	11,599	12,510	13,725	14,115	14,485
Common stock	31,069	31,069	31,069	31,069	31,069
Retained earnings	14,972	20,882	26,835	33,578	41,195
Total shareholders' equity	46,040	51,950	57,904	64,647	72,264
Total liabilities & equity	$ 57,640	$ 64,460	$ 71,629	$ 78,762	$ 86,748

</TABLE>

STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	1999	2000	2001	2002	2003
<S>	<C>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES					
Net income	$ 4,662	$ 5,910	$ 5,953	$ 6,743	$ 7,617
Adjustments to reconcile net income to					
Depreciation and amortization	1,656	1,556	1,400	1,300	1,200
Changes in working capital:					
Accounts receivable	(1,721)	(811)	(1,115)	(843)	(926)
Inventories	506	--	--	(400)	(420)
Prepaid expenses	(2)	--	--	--	--
Deferred taxes	2,501	--	--	69	--
Accounts payable	684	661	465	390	(380)
Accrued liabilities	868	--	500	--	500
Income taxes payable	507	250	250	--	250
Net cash from operations	$ 9,661	$ 7,566	$ 7,453	$ 7,259	$ 7,841
INVESTING ACTIVITIES					
Short term marketable securities	15,738	--	--	--	--
Long term investments and other assets	(10,530)	--	--	--	--
Other Assets	(1,938)	--	--	--	--
Capital expenditures	(1,374)	(1,656)	(1,500)	(1,500)	(1,500)
Net cash from investing	$ 1,897	$ (1,656)	$ (1,500)	$ (1,500)	$ (1,500)
FINANCING ACTIVITIES					
Revolver	--	--	--	--	--
Long term debt	--	--	--	--	--
Stock, net	(3,987)	--	--	--	--
Net cash from financing	($ 3,987)	$ 0	$ 0	$ 0	$ 0
Net change in cash	7,571	5,910	5,953	5,759	6,341
Cash, beginning of period	$ 296	$ 7,867	$ 13,777	$ 19,730	$ 25,489
Cash, end of period	7,867	13,777	19,730	25,489	31,830
Net change in cash	7,571	5,910	5,953	5,759	6,341
Cash, beginning of period	296	7,867	13,777	19,730	25,489
Cash, end of period	$ 7,867	$ 13,777	$ 19,730	$ 25,489	$ 31,830

</TABLE>

7. CERTAIN INFORMATION CONCERNING PURCHASER AND THE GUPTA FAMILY.

GENERAL. Purchaser is a California corporation organized in September 1999, at the direction of Vinita Gupta as described in "Special Factors--Section 1. Background of the Offer." Purchaser has never conducted any business operations. The principal executive offices of Purchaser are located at P.O. Box 620154, Woodside, California 94062-0154 and Purchaser's telephone number is (408) 745-4550. It is not anticipated that Purchaser will have any significant assets or liabilities (other than those arising in connection with the Merger, including its financing) or engage in any activities other than those incident to Purchaser's formation and capitalization, the Merger and the arrangement of financing for the Merger. Vinita Gupta is currently the sole director, executive officer and stockholder of Purchaser. The name, business address, present principal occupation or employment, material occupations during the past five years and citizenship of Vinita Gupta, the sole director and sole executive officer of Purchaser and

Narendra Gupta, are set forth in Schedule II hereto. The relative equity interests of the members of the Gupta Family in Purchaser after the contribution

of the Gupta Investors' Shares to Purchaser (and in the Company following the consummation of the Merger) are set forth in Schedule III.

During the past five years neither Purchaser nor any members of the Gupta Family has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has Purchaser or such person been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

OTHER INFORMATION. Except as described in this Offer to Purchase and in Schedule III hereto, (i) neither Purchaser nor any member of the Gupta Family or any associate or majority-owned subsidiary of Purchaser or any member of the Gupta Family, beneficially owns or has any right to acquire, directly or indirectly, any equity security of the Company and (ii) neither Purchaser nor, to the knowledge of Purchaser, any of the persons or entities referred to above nor any director, executive officer or subsidiary of any of the foregoing has effected any transaction in any equity security of the Company during the past 60 days.

Vinita Gupta is Chairman of the Board, Chief Executive Officer and President of the Company and Narendra Gupta is a director of the Company. Vinita Gupta and Narendra Gupta are married.

Effective December 14, 1998, Vinita Gupta entered into an Executive Retention and Severance Agreement (the "Severance Agreement") with the Company. Pursuant to the Severance Agreement, in the event of a Termination Upon Change of Control (as defined below) of Ms. Gupta's employment with the Company, Ms. Gupta is entitled to (i) a lump sum payment in the amount of 100% of her annual salary of $250,000 and target bonus of $150,000; (ii) a bonus payment equal to Ms. Gupta's full target bonus prorated though the date of termination; (iii) all salary and accrued vacation earned through the date of termination; (iv) reimbursement of all expenses; (v) all benefits to which Ms. Gupta is entitled under the Company's benefits plans; and (vi) continued medical and welfare coverage for a period of twelve months after the date of termination. In addition, upon a Change of Control (as defined below), Ms. Gupta is entitled to acceleration of vesting of 100% of her outstanding Options or, at the Company's election, a cash payment equal to the difference between the aggregate exercise price of all unexercised Options and the value of consideration deliverable for an equivalent number of shares as a result of the change of control transaction. For the purposes of the Severance Agreement, "Termination Upon Change of Control" means (a) any termination of Ms. Gupta's employment by the Company without cause during the period commencing thirty days prior to the earlier of (1) the date that the Company first publicly announces it is conducting negotiations leading to a Change of Control (as defined below) or (2) the date that the Company enters into a definitive agreement what would result in a Change of Control and ending six months after the Change of Control; or (b) any resignation by Ms. Gupta after the occurrence of any Change of Control. The Severance Agreement defines "Change of Control" to mean (a) any person other than employees of the Company becoming the beneficial owner of securities of the Company representing more than 50% of (x) the outstanding Shares or (y) the combined voting power of the then-outstanding securities; (b) the Company is a party to a merger or consolidation which results in the holders of voting securities of the Company outstanding immediately prior thereto failing to continue to represent more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; (c) the sale or disposition of all or substantially all of the Company's assets; (d) there occurs a change in the composition of the Board of Directors within a six month period, as a result of which fewer than a majority of the directors are incumbent directors; or (e) the dissolution or winding up of the Company. The Offer and the Merger will not constitute a Change of Control for the purposes of the Severance Agreement.

In fiscal 1998, the Company paid $61,700 to lease office space from Integrated Systems, Inc., an entity that is approximately 20% owned by Narendra Gupta and of which Mr. Gupta is Chairman of the Board. Vinita Gupta is also a director of Integrated Systems, Inc. In fiscal 1996, the Company purchased $114,100 worth of software licenses and maintenance from Integrated Systems, Inc. In addition, in fiscal 1996, the Company purchased $243,691 worth of ASIC design services from Doctor Design, a subsidiary of Integrated Systems, Inc. Each of the above transactions were at rates that approximate the rates that would have been obtained in arms length transactions.

Except as otherwise described in this Offer to Purchase, neither Purchaser nor any member of the Gupta Family has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or voting of such securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies. Except as set forth in this Offer to Purchase, since January 1, 1996, neither Purchaser nor any member of the Gupta Family has had any business relationship or transaction with the Company or any of its executive officers, directors or affiliates that is required to be reported under the applicable rules and regulations of the Commission. Except as set forth in this Offer to Purchase, since January 1, 1996, there have been no contacts, negotiations or transactions between Purchaser or any member of the Gupta Family, on the one hand, and the Company or its affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, an election of directors or a sale or other transfer of a material amount of assets.

8. SOURCE AND AMOUNT OF FUNDS.

Purchaser and the Gupta Family estimate that the total amount of funds required by Purchaser to purchase all of the Shares pursuant to the Offer and to pay fees and expenses related to the Offer and Merger will be approximately $43 million (which includes approximately $1.7 million for the payment of estimated costs and expenses).

Purchaser has received a commitment letter dated September 9, 1999 (the "Bridge Loan Commitment Letter") from Comerica Bank--California ("Comerica"). Pursuant to the Bridge Loan Commitment Letter, Comerica has committed to provide Purchaser with a $43 million bridge loan (the "Bridge Loan"), subject to the terms and conditions stated in the Bridge Loan Commitment Letter. A copy of the Bridge Loan Commitment Letter is filed as an exhibit to the Schedule 14D-1 and the Schedule 13E-3, and is incorporated herein by reference.

The Company has received a commitment letter dated August 31, 1999 (the "Permanent Loan Commitment Letter") from Comerica. Pursuant to the Permanent Loan Commitment Letter, Comerica has committed to provide the Surviving Corporation with a $4 million revolving accounts receivable line of credit (the "Revolving Line of Credit") and a $7 million term loan (the "Term Loan," and together with the Revolving Line of Credit collectively, the "Permanent Loans"), subject to the terms and conditions stated in the Permanent Loan Commitment Letter. A copy of the Permanent Loan Commitment Letter is filed as an exhibit to the Schedule 14D-1 and the Schedule 13E-3, and is incorporated herein by reference.

In addition, the Gupta Family has extended to the Company a loan in the principal amount of $2 million (the "Gupta Family Loan"). Proceeds from the Gupta Family loan will initially be used to pay cash to existing Option holders as their Options become exercisable and as working capital.

The closing of the Bridge Loan is subject to the satisfaction of the following conditions as well as other conditions customary for the closing of loan facilities: (i) the negotiation, execution and delivery of loan and security documentation reasonably satisfactory to Comerica and Purchaser; (ii) the Company will have unencumbered cash, cash equivalent or marketable securities with a market value of not less than $35 million, held at an institution acceptable to Comerica in its discretion; (iii) the establishment of an escrow arrangement with the Trust Department at Comerica to coordinate the timing of payments and the holding

of shares tendered to Purchaser, which escrow arrangement shall be satisfactory to Purchaser and Comerica; (iv) the execution of a put agreement by Vinita Gupta to purchase 100% of the Bridge Loan from Comerica upon certain conditions including, without limitation, the failure to pay the Bridge Loan; and (v) the perfection of a lien on all assets of Purchaser which shall serve as collateral for the Bridge Loan (which shall, subject to compliance with margin regulations of the Federal Reserve Board, be all assets of Purchaser).

The proceeds of the Bridge Loan will be available for use in the purchase of the Shares. The Bridge Loan will bear interest at a rate equal to the prime rate for Comerica. The documentation for the Bridge Loan will contain customary representations, warranties, covenants (including that while the Bridge Loan is outstanding, Purchaser will not pledge assets to any party other than Comerica, borrow or lend money or enter into guaranties or enter into any merger or acquisition other than the Merger), events of default and other provisions

customary in loan documents.

The Bridge Loan is to be repaid upon the closing of the Merger, but not later than two weeks after the submission with the State of the California of the certificate of merger for the Merger. The Purchaser anticipates that the Bridge Loan will be repaid with approximately $36 million of cash of the Surviving Corporation and with the proceeds of the Permanent Loans.

The closing of the Permanent Loans is subject to the satisfaction of the following conditions as well as other conditions customary for the closing of loan facilities: (i) the negotiation, execution and delivery of loan and security documentation reasonably satisfactory to Comerica and Purchaser; (ii) a satisfactory accounts receivable and inventory audit by Comerica; (iii) satisfactory completion of a Y2K assessment of the Company by Comerica; (iv) the consummation of the Merger; (v) execution by Vinita Gupta of a guarantee of up to $2 million of the Permanent Loans until the Surviving Corporation meets certain conditions; and (vi) the perfection of a lien on all assets of the Surviving Corporation.

The proceeds of the Revolving Line of Credit will be available for operating needs and letters of credit, and the proceeds of the Term Loan will be available to repay the Bridge Loan. The loans outstanding under the Revolving Line of Credit will bear interest at a rate equal to the prime rate for Comerica plus one percent, and the Term Loan will bear interest at a rate equal to the prime rate for Comerica plus one and one-half percent. As of September 9, 1999, the prime rate for Comerica was 8.25%. Documentation for the Permanent Loans will contain customary representations, warranties, financial covenants (including a quick ratio, a total liabilities to net worth ratio, a minimum tangible net worth, a funded debt to earnings before interest, taxes, depreciation and amortization ratio and a minimum cash flow), covenants (including restrictions on the granting of liens, the borrowing or lending of money, the execution of guarantees, mergers and acquisitions and the repurchase of stock or the payment of dividends), events of default and other provisions customary in loan documents.

The Revolving Line of Credit will expire 364 days from the closing of the Offer and the principal amount of the Term Loan will be repaid in 48 equal monthly installments of principal commencing with the first day of the first calendar month which occurs at least 20 days after the Expiration Date. The Purchaser anticipates that the Permanents Loans will be repaid with internally generated funds of the Surviving Corporation.

9. DIVIDENDS AND DISTRIBUTIONS.

If, on or after the date of this Offer to Purchase, the Company should (i) split, combine or otherwise change the Shares or its capitalization, (ii) acquire or otherwise cause a reduction in the number of outstanding Shares or (iii) issue or sell any additional Shares, shares of any other class or series of capital stock, other voting securities or any securities convertible into, or options, rights or warrants, conditional or otherwise, to acquire, any of the foregoing, then, without prejudice to Purchaser's rights under "The Tender Offer--Section 11. Certain Conditions of the Offer," Purchaser, in its sole discretion, may make

such adjustments to the purchase price and other terms of the Offer (including the number and type of securities to be purchased) as it deems appropriate to reflect such split, combination or other change.

If, on or after the date of this Offer to Purchase, the Company should declare or pay any dividend on the Shares or make any other distribution (including the issuance of additional shares of capital stock pursuant to a stock dividend or stock split, the issuance of other securities or the issuance of rights for the purchase of any securities) with respect to the Shares that is payable or distributable to shareholders of record on a date prior to the transfer to the name of Purchaser or its nominee or transferee on the Company's stock transfer records of the Shares purchased pursuant to the Offer, then, without prejudice to Purchaser's rights under "The Tender Offer--Section 11. Certain Conditions of the Offer," (i) the purchase price per Share payable by Purchaser pursuant to the Offer will be reduced to the extent any such dividend or distribution is payable in cash and (ii) any non-cash dividend, distribution or right shall be received and held by the tendering shareholder for the account of Purchaser and will be required to be promptly remitted and transferred by each tendering shareholder to the Depositary for the account of Purchaser, accompanied by appropriate documentation of transfer. Pending such remittance and subject to applicable law, Purchaser will be entitled to all the rights and

privileges as owner of any such non-cash dividend, distribution or right and may withhold the entire purchase price or deduct from the purchase price the amount or value thereof, as determined by Purchaser in its sole discretion.

10. CERTAIN EFFECTS OF THE TRANSACTION.

The purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and could reduce the number of holders of Shares, which could adversely affect the liquidity and market value of any remaining Shares held by the public. Moreover, under the Merger Agreement, if Purchaser purchases Shares in the Offer, Purchaser is obligated to effect the short-form merger. In the event the Merger is consummated, the Gupta Investors would own all of the outstanding Shares. At the Effective Time of the Merger, Vinita Gupta, the sole director of Purchaser, would become the sole director of the Surviving Corporation. It is expected that, following the Effective Time, Narendra Gupta would be elected as a director of the Surviving Corporation.

MARKET FOR THE SHARES. The purchase of Shares by Purchaser pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and will reduce the number of holders of Shares, which could adversely affect the liquidity and market value of the remaining Shares held by the public. In the event that the Minimum Condition is satisfied, Purchaser is obligated pursuant to the Merger Agreement to conduct a short-form merger under the provisions of the CGCL, in which outstanding Shares not held by Purchaser will be converted into the Merger Consideration. In such an event, the Shares would not longer be listed on the Nasdaq National Market and the liquidity and market value of any remaining Shares would be adversely affected.

STOCK QUOTATION. Depending upon the number of Shares purchased pursuant to the Offer and the aggregate market value of any Shares not purchased pursuant to the Offer, the Shares may no longer meet the standards for continued listing on the Nasdaq National Market and may be delisted from the Nasdaq National Market. The published guidelines of the Nasdaq National Market indicate that the Nasdaq National Market would consider delisting the Shares if, among other things, (1) there should be fewer than two registered and active market makers providing quotations for the Shares; (2) the net tangible assets of the Company should fall below $2,000,000, and the market capitalization of the Company should fall below $35,000,000, and the net income of the Company should fall below $500,000 in the most recently completed fiscal year and in more than one of the last three most recently completed fiscal years; (3) the minimum bid price for Shares should fall below $1 per Share; (4) in the case of common stock, the number of round lot holders of Shares should fall below 300; (5) in the case of common stock, the number of publicly held Shares should fall below 500,000, or the aggregate market value of publicly held Shares should fall below $1,000,000. If the foregoing standards are not met, the Shares would no longer be

admitted to quotation on the Nasdaq National Market. Moreover, under the Merger Agreement, if Purchaser purchases Shares in the Offer, Purchaser is obligated to effect the short-form merger.

To the extent the Shares are delisted from the Nasdaq National Market, the market for the Shares could be adversely affected. If the Nasdaq National Market were to delist the Shares, it is possible that the Shares would continue to trade in the over-the-counter market and that price quotations for the Shares would be reported by other sources. The extent of the public market for the Shares and the availability of such quotations would, however, depend on the number of holders of Shares remaining at such time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration of the Shares under the Exchange Act (as described below) and other factors. Purchaser and the Gupta Family cannot predict whether the reduction in the number of Shares that might otherwise trade publicly, if any, effected by the Offer would have an adverse or beneficial effect on the market price for or marketability of the Shares or whether it would cause future market prices to be greater or less than the Offer Price.

Once the Offer is consummated, if permitted by the NASD and the Exchange Act, it is the intention of Purchaser to cause the Company to file applications to withdraw the Shares from listing on the Nasdaq National Market and to terminate the registration of the Shares under the Exchange Act. See "The Tender Offer--Section 10. Certain Effects of the Transaction." In the event that the Shares are delisted from the Nasdaq National Market, it is possible that the Shares would continue to trade in the over-the-counter market and that price quotations for the Shares would be reported by other sources. The extent of the public market for the Shares and the availability of such quotations would,

however, depend on the number of holders of Shares remaining at such time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration of the Shares under the Exchange Act, as described below, and other factors. To the extent the Shares are delisted from the Nasdaq National Market, the market for the Shares could be adversely affected. Purchaser and the Gupta Family cannot predict whether the reduction in the number of Shares that might otherwise trade publicly, if any, effected by the Offer would have an adverse or beneficial effect on the market price for or marketability of the Shares or whether it would cause future market prices to be greater or less than the Offer Price.

EXCHANGE ACT REGISTRATION. The Shares are currently registered under the Exchange Act. Registration of the Shares under the Exchange Act may be terminated upon application by the Company to the Commission if the Shares are not listed on a "national securities exchange," quoted on an automated inter-dealer quotation system or held by 300 or more holders of record. It is the intention of Purchaser to seek to cause an application for such termination to be made as soon after consummation of the Offer as the requirements for termination of registration of the Shares are met. The termination of the registration of the Shares under the Exchange Act would substantially reduce the information required to be furnished by the Company to holders of Shares and to the Commission and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy statement in connection with shareholders' meetings and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions, no longer applicable to the Shares. In addition, "affiliates" of the Company and persons holding "restricted securities" of the Company may be deprived of the ability to dispose of such securities pursuant to Rule 144 under the Securities Act. Purchaser intends to seek to cause the Company to apply for termination of registration of the Shares under the Exchange Act as soon after completion of the Offer as the requirements for such termination are met.

If public quotation and registration of the Shares is not terminated prior to the Merger, then the Shares will no longer by quoted and the registration of the Shares under the Exchange Act will be terminated following the consummation of the Merger.

MARGIN REGULATIONS. The Shares are currently "margin securities," as such term is defined under the rules of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has

the effect, among other things, of allowing brokers to extend credit on the collateral of such securities. Depending upon factors similar to those described above regarding listing and market quotations, following the Offer it is possible that the Shares might no longer constitute "margin securities" for purposes of the margin regulations of the Federal Reserve Board, in which event such Shares could no longer be used as collateral for loans made by brokers. In any event, the Shares will cease to be "margin securities" if the security is no longer designated as qualified for trading in the national market system of Nasdaq.

11. CERTAIN CONDITIONS OF THE OFFER.

Notwithstanding any other provision of the Offer, and in addition to (and not in limitation of) Purchaser's rights to extend and amend the Offer at any time, in its sole discretion, Purchaser shall not be required to accept for payment, purchase or pay for any Shares tendered pursuant to the Offer, and may terminate, or, subject to the terms of the Merger Agreement, amend the Offer and may postpone the acceptance for payment of and payment for any Shares tendered if (i) the Minimum Condition shall not have been satisfied or (ii) at any time on or after September 3, 1999 and before the acceptance for payment of Shares, any of the following conditions exists:

(a) there shall have been threatened, instituted or be pending any action or proceeding before any court or governmental, administrative or regulatory authority or agency, domestic or foreign (each, a "GOVERNMENTAL ENTITY"), or by any other person, domestic or foreign, before any court or Governmental Entity, (i) challenging or seeking to, or which is reasonably likely to, make illegal, materially delay or otherwise directly or indirectly restrain or prohibit or seeking to, or which is reasonably likely to, impose voting, procedural, price or other requirements, including any such requirements under California law, in addition to those required by federal securities laws, in connection with the making of the Offer, the acceptance for payment of, or payment for, any Shares by Purchaser or the consummation by Purchaser of the Merger or other business

combination with the Company, or seeking to obtain material damages in connection therewith; (ii) seeking to prohibit or limit materially the ownership or operation by the Company, Purchaser or any of their respective subsidiaries of all or any material portion of the business or assets of the Company, Purchaser or any of their respective subsidiaries, or to compel the Company, Purchaser or any of their respective subsidiaries to dispose of or hold separate all or any material portion of the business or assets of the Company, Purchaser or any of their respective subsidiaries; (iii) seeking to impose or confirm limitations on the ability of Purchaser to exercise effectively full rights of ownership of any Shares, including, without limitation, the right to vote any Shares acquired by Purchaser pursuant to the Offer or otherwise on all matters properly presented to the Company's shareholders; (iv) seeking to require divestiture by Purchaser of any Shares; (v) seeking any material diminution in the benefits expected to be derived by Purchaser as a result of the transactions contemplated by the Offer or the Merger or any other similar business combination with the Company; (vi) otherwise directly or indirectly relating to the Offer or which otherwise, in the reasonable judgment of Purchaser, might materially adversely affect the Company or Purchaser or the value of the Shares; or (vii) which otherwise, in the reasonable judgment of Purchaser, is likely to materially adversely affect the business, operations (including, without limitation, results of operations), properties (including, without limitation, intangible properties), condition (financial or otherwise), assets or liabilities (including, without limitation, contingent liabilities) or prospects of either the Company or any of its subsidiaries or Purchaser;

(b) there shall have been any action taken, or any statute, rule, regulation, legislation, interpretation, judgment, order or injunction enacted, entered, enforced, promulgated, amended, issued or deemed applicable to (i) Purchaser, the Company or any subsidiary or affiliate of Purchaser or the Company or (ii) the Offer or the Merger, by any legislative body, court, government or governmental, administrative or regulatory authority or agency, domestic or foreign, other than the routine application of the waiting period provisions of the HSR Act to the Offer or the Merger, which, in the reasonable judgment of Purchaser, is likely to result, directly or indirectly, in any of the consequences referred to in clauses (i) through (vii) of paragraph (a) above;

(c) there shall have occurred any change, condition, event or development that constitutes a Material Adverse Effect (as such term is defined in the Merger Agreement);

(d) there shall have occurred (i) any general suspension of, or limitation on prices for, trading in securities on the Nasdaq National Market, (ii) any material adverse change in United States currency exchange rates or a suspension of, or limitation on, currency exchange markets, (iii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iv) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, on, or other event that, in the reasonable judgment of Purchaser, might affect the extension of credit by banks or other lending institutions, or (v) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States;

(e) the Company or any of its subsidiaries, joint ventures or partners or other affiliates shall have, directly or indirectly, (i) split, combined or otherwise changed, or authorized or proposed a split, combination or other change of, the Shares or its capitalization, (ii) acquired or otherwise caused a reduction in the number of, or authorized or proposed the acquisition or other reduction in the number of, outstanding Shares or other securities (other than as aforesaid), (iii) issued or sold, or authorized or proposed the issuance, distribution or sale of, additional Shares (other than the issuance of Shares under Option prior to the date of the Merger Agreement, in accordance with the terms of such Options as such terms have been publicly disclosed prior to the date of the Merger Agreement), shares of any other class of capital stock, other voting securities or any securities convertible into, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing, (iv) declared or paid, or proposed to declare or pay, any dividend or other distribution, whether payable in cash, securities or other property, on or with respect to any shares of capital stock of the Company, (v) altered or proposed to alter any material term of any outstanding security, (vi) incurred any debt other than in the ordinary course of business or any debt containing burdensome covenants, (vii) authorized, recommended, proposed or entered into an agreement, agreement in principle or arrangement or understanding with respect to any merger, consolidation, liquidation, dissolution, business combination, acquisition of assets, disposition of assets, release or relinquishment of any

material contractual or other right of the Company or any of its subsidiaries or any comparable event not in the ordinary course of business, (viii) entered into or amended any employment, change in control, severance, executive compensation or similar agreement, arrangement or plan with or for the benefit of any of its employees, consultants or directors, or made grants or awards thereunder, other than in the ordinary course of business or entered into or amended any agreements, arrangements or plans so as to provide for increased or accelerated benefits to any such persons, (ix) except as may be required by law, taken any action to terminate or amend any employee benefit plan (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended) of the Company or any of its subsidiaries, or (x) amended or authorized or proposed any amendment to the Company's articles of incorporation or bylaws;

(f) any required approval, permit, authorization or consent of any governmental authority or agency shall not have been obtained on terms reasonably satisfactory to Purchaser;

(g) any of the representations and warranties of the Company set forth in the Merger Agreement that are qualified shall not be true and correct or any such representations and warranties that are not so qualified shall not be true and correct unless the effect of all such failures to be true or correct does not constitute a Material Adverse Effect (as such term is defined in the Merger Agreement);

(h) the Company shall have failed to perform any obligation or to comply with any agreement or covenant of the Company to be performed or complied with by it under the Merger Agreement unless the effect of all such failures does not constitute a Material Adverse Effect (as such term is defined in the Merger Agreement);

(i) the Board or any committee thereof shall have withdrawn or modified in a manner adverse to Purchaser its approval or recommendation of the Offer, the Merger or the Merger Agreement or (ii) the Board or any committee thereof shall have resolved to take the foregoing action; or

(j) the Merger Agreement shall have been terminated in accordance with its terms.

The foregoing conditions are for the sole benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances giving rise to any such condition or may be waived by Purchaser in whole or in part at any time and from time to time in Purchaser's discretion. The failure by Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time.

12. CERTAIN REGULATORY AND LEGAL MATTERS.

Except as described below, based upon its examination of publicly available information with respect to the Company, Purchaser is not aware of any license or other regulatory permit that appears to be material to the business of the Company and its subsidiaries, taken as a whole, which might be adversely affected by the acquisition of Shares by Purchaser pursuant to the Offer or of any approval or other action by any domestic (federal or state) or foreign governmental, administrative or regulatory authority or agency which would be required prior to the acquisition of Shares by Purchaser pursuant to the Offer and the Merger. Should any such approval or other action be required, it is Purchaser's present intention to seek such approval or action. Purchaser does not currently intend, however, to delay the purchase of Shares tendered pursuant to the Offer pending the outcome of any such action or the receipt of any such approval (subject to Purchaser's right to decline to purchase Shares if any of the conditions in "The Tender Offer--Section 11. Certain Conditions of the Offer" shall have occurred). There can be no assurance that any such approval or other action, if needed, would be obtained without substantial conditions or that adverse consequences might not result to the businesses of the Company or Purchaser or that certain parts of the businesses of the Company or Purchaser might not have to be disposed of or held separate or other substantial conditions complied with in order to obtain such approval or other action or in the event that such approval was not obtained or such other action was not taken. If certain types of adverse action are taken with respect to the matters discussed below, Purchaser could, subject to the terms and conditions of the Merger Agreement, decline to accept for payment or pay for any Shares tendered. See "The Tender Offer--Section 11. Conditions of the Offer."

STATE TAKEOVER LAWS. The Company is incorporated under the laws of the State of California and operations are conducted throughout the United States. A number of states throughout the United States have enacted takeover statutes that purport, in varying degrees, to be applicable to attempts to acquire securities of corporations that are incorporated or have assets, shareholders, executive offices or principal places of business in such states. In EDGAR V. MITE CORP., the Supreme Court of the United States held that the Illinois Business Takeover Act, which involved state securities laws that made the takeover of certain corporations more difficult, imposed a substantial burden on interstate commerce and therefore was unconstitutional. In CTS CORP. V. DYNAMICS CORP. OF AMERICA, however, the Supreme Court of the United

States held that a state may, as a matter of corporate law and, in particular, those laws concerning corporate governance, constitutionally disqualify a potential acquirer from voting on the affairs of a target corporation without prior approval of the remaining shareholders, provided that such laws were applicable only under certain conditions. Subsequently, a number of Federal courts ruled that various state takeover statutes were unconstitutional insofar as they apply to corporations incorporated outside the state of enactment.

Purchaser has not attempted to comply with any state takeover statutes other than the CGCL in connection with the Offer. Purchaser reserves the right to challenge the validity or applicability of any state law allegedly applicable to the Offer and nothing in this Offer to Purchase nor any action taken in connection herewith is intended as a waiver of that right. In the event that any state takeover statute is found applicable to the Offer, Purchaser might be unable to accept for payment or purchase Shares tendered pursuant to the Offer or be delayed in continuing or consummating the Offer. In such case, Purchaser may not be obligated to accept for purchase, or pay for, any Shares tendered. See "The Tender Offer--Section 11. Certain Conditions of the Offer."

DISSENTERS' RIGHTS. No appraisal rights are available in connection with Shares purchased in the Offer. If the Merger is consummated, however, shareholders of the Company may have certain rights under Chapter 13 of the CGCL to dissent and demand appraisal of, and to receive payment in cash of the fair value of, their Shares. If the Surviving Corporation and a dissenting shareholder agree that his or her Shares are Dissenting Shares and agree upon the fair market value of the Shares, then the dissenting shareholder is entitled to receive a cash payment equal to the agreed fair market value of the Shares and interest thereon at the legal rate on judgments from the date of such agreement. If, however, the Surviving Corporation denies that Shares are Dissenting Shares, or the Surviving Corporation and a dissenting shareholder fail to agree upon the fair market value of his or her Shares, then the dissenting shareholder may seek to have the applicable California superior court determine whether his or her Shares are Dissenting Shares or the fair market value of such Shares. If the status of such Shares as Dissenting Shares is in issue, the superior court shall determine that issue first, and if the fair market value of the Dissenting Shares is in issue, the superior court shall determine, or appoint one or more impartial appraisers to determine, the fair market value of such Shares. The fair market value shall be determined as of the day before the first announcement of the terms of the Merger, excluding any appreciation or depreciation as a result of the transactions contemplated by the Merger Agreement. The value so determined could be more or less than the price per share to be paid in the Merger. See "Special Factors--Section 7. Dissenters' Rights" and Schedule IV to this Offer to Purchase.

FOREIGN LAWS. According to publicly available information, the Company also owns property and conducts businesses in a number of other jurisdictions. In connection with the acquisition of the Shares pursuant to the Offer, the laws of certain foreign countries and jurisdictions may require the filing of information with, or the obtaining of the approval of, governmental authorities in such countries and jurisdictions. In addition, the waiting period prior to consummation of the Offer associated with such filings or approvals may extend beyond the scheduled Expiration Date. The governments in such countries and jurisdictions might attempt to impose additional conditions on the Company's operations conducted in such countries and jurisdictions as a result of the acquisition of Shares pursuant to the Offer or the Proposed Merger.

GOING PRIVATE TRANSACTIONS. The Offer constitutes a "going private" transaction under Rule 13e-3 of the Exchange Act. Consequently, Purchaser and the Gupta Family have filed with the Commission the Schedule 13E-3, together with exhibits, in addition to filing with the Commission a Schedule 14D-1. Pursuant to Rule 13d-3, this Offer to Purchase contains information relating to, among other matters, the fairness of the Offer to the Company's shareholders.

LEGAL PROCEEDINGS. Since the public announcement of the Merger Agreement on September 3, 1999, three purported class actions have been filed in the Superior Court of Santa Clara County, California. The

complaints allege that the Company's directors breached their fiduciary duties by failing to maximize the value of the Shares, that the value of the Shares is materially greater than the Offer Price and, in one action, that the director defendants failed to disclose material non-public information concerning the Company's financial condition and prospects. Each complaint seeks certification of a plaintiff class, declaratory and injunctive relief preventing the Offer and the Merger, unspecified compensatory damages, and attorneys' fees and costs. Purchaser, the defendant members of the Gupta Family, the Company and the members of the Special Committee believe that the actions are without merit, and intend to defend them vigorously. The three class actions are: EDWARD ABOFF ET AL. V. RICHARD C. ALBERDING ET AL., filed on September 3, 1999; WILLIAM LEVY ET AL. V. DIGITAL LINK CORPORATION ET AL., filed on September 7, 1999; and ANDREW CURTIS WRIGHT ET AL. V. DIGITAL LINK CORPORATION ET AL., filed on September 7, 1999.

Except as set forth elsewhere in this Offer to Purchase, neither Purchaser nor the Gupta Family is aware of any pending or overtly threatened legal proceedings which would affect the Offer or the Merger. If any such matters were to arise, Purchaser could decline to accept for payment or pay for any Shares tendered in the Offer. See "The Tender Offer--Section 11. Certain Conditions of the Offer."

13. FEES AND EXPENSES.

Except as set forth below, Purchaser will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Shares pursuant to the Offer.

Purchaser has retained MacKenzie Partners, Inc. as the Information Agent and the Harris Trust Company of New York as the Depositary, in connection with the Offer. The Information Agent may contact holders of Shares by mail, telephone, telex, telecopy, telegraph and personal interview and may request banks, brokers, dealers and other nominee shareholders to forward materials relating to the Offer to beneficial owners.

As compensation for acting as Information Agent in connection with the Offer, MacKenzie Partners, Inc. will be paid a reasonable and customary fee for its services. and will also be reimbursed for certain out-of-pocket expenses and may be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under the federal securities laws. Purchaser will pay the Depositary reasonable and customary compensation for its services in connection with the Offer, plus reimbursement for out-of-pocket expenses, and will indemnify the Depositary against certain liabilities and expenses in connection therewith, including certain liabilities under the federal securities laws. Brokers, dealers, commercial banks and trust companies will be reimbursed by Purchaser for customary handling and mailing expenses incurred by them in forwarding material to their customers.

Expenses estimated to be incurred by Purchaser in connection with the Offer are as follows:

<TABLE>
<S> <C>

Financial Advisor fees and expenses	$ 100,000
Depositary	$ 15,000
Information Agent	$ 15,000
Legal Fees	$ 350,000
Printing, mailing and distribution expenses	$ 170,000
Commission filing fee	$ 6,500
Miscellaneous fees and expenses	$ 200,000
Total	$ 856,500

</TABLE>

14. MISCELLANEOUS.

Purchaser is not aware of any jurisdiction where the making of the Offer is prohibited by any administrative or judicial action pursuant to any valid state

statute. If Purchaser becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of Shares pursuant thereto, Purchaser will make a good faith effort to comply with any such state statute. If, after such good faith

effort, Purchaser cannot comply with any such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Purchaser by one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF PURCHASER OR THE COMPANY NOT CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

Pursuant to Rule 14d-3 of Regulation 14D under the Exchange Act, Purchaser and the Gupta Family have filed with the Commission the Schedule 14D-1, together with exhibits, furnishing certain additional information with respect to the Offer. In addition, the Company has filed the Schedule 14D-9 pursuant to Rule 14d-9 under the Exchange Act, together with exhibits, setting forth its recommendation with respect to the Offer and the reasons for such recommendation and furnishing certain additional related information. Such Schedules and any amendments thereto, including exhibits, may be inspected at, and copies may be obtained from, the same places and in the same manner as set forth in "The Tender Offer--Section 6. Certain Information Concerning the Company," except that they will not be available at the regional offices of the Commission.

DLZ CORP.

NARENDRA AND VINITA GUPTA LIVING TRUST

GUPTA CHILDREN'S TRUST AGREEMENT

THE NAREN AND VINITA GUPTA FOUNDATION

VINITA GUPTA

NARENDRA K. GUPTA

September 10, 1999

SCHEDULE I

FAIRNESS OPINION OF SUTTER SECURITIES, INCORPORATED

[SUTTER SECURITIES INCORPORATED LETTERHEAD]

September 3, 1999

Ms. Vinita Gupta
Chief Executive Officer
DLZ Corp.
P.O. Box 620154
Woodside California 94062-0154

Dear Ms. Gupta:

We understand that DLZ Corp. ("DLZ"), a recently formed corporation which is controlled by Ms. Vinita Gupta, intends to enter into a Transaction (as defined below), pursuant to which it will acquire all of the shares of Digital Link Corporation ("Digital Link") not owned by DLZ or Ms. Gupta. Ms. Gupta is the Chairperson of the Board, Chief Executive Officer and President of Digital Link.

The terms of the Transaction are set forth in the Agreement and Plan of Merger (the "Merger Agreement") dated as of September 3, 1999, by and between Digital Link and DLZ. The Transaction contemplated by the Merger Agreement consists of (i) a tender offer (the "Tender Offer") for all shares of Digital Link's common stock not owned by DLZ for $10.30 per share in cash (the "Consideration"), to be followed, if the Tender Offer results in DLZ being the beneficial owner of that number of shares which, together with the shares then beneficially owned by DLZ, would constitute not less than 90% of the shares

outstanding (the "Minimum Condition"), by (ii) a short-form merger of DLZ with and into Digital Link in which each share not owned by DLZ or Ms. Gupta will be converted into the right to receive the Consideration. In the event the Minimum Condition is not satisfied, the Merger Agreement provides that the Tender Offer will be terminated with no acceptance of or payment for shares, and DLZ will dispose of that number of shares which is necessary to reduce the beneficial ownership of shares by DLZ and Ms. Gupta to below 50% of the outstanding shares. Such disposition will be followed as soon as practical by a long-form merger of DLZ with and into Digital Link in which each share not owned by DLZ or Ms. Gupta will be converted into the right to the Consideration. The Transaction is defined as (i) the Tender Offer and the short-form merger taken together, if the Minimum Condition is satisfied and (ii) the long-form merger, if the Minimum Condition is not satisfied.

You have provided us with the Merger Agreement in substantially final form and with a draft of the offer to purchase to be sent to shareholders and related documents (the "Draft Tender Documents").

You have asked us to render our opinion as to whether the Transaction is fair, from a financial point of view, to the shareholders of Digital Link (other than DLZ and Ms. Gupta).

In the course of our analyses for rendering this opinion we have:

1. reviewed the Merger Agreement and Draft Tender Documents;

2. reviewed Digital Link's Annual Report to Shareholders and Annual Report on Form 10-K for the fiscal year ended December 31, 1998, and its Quarterly Reports on Form 10-Q for the periods ended March 31 and June 30, 1999;

3. reviewed certain operating and financial information, including projections, provided to us by management relating to Digital Link's business and prospects;

4. met with certain members of Digital Link's senior management to discuss its operations, historical financial statements, competitive position and future prospects;

5. reviewed the historical market prices and trading volume of the common shares of Digital Link;

6. reviewed publicly available financial data and stock market performance data of companies which we deemed generally comparable to Digital Link; and

7. conducted such other studies, analyses, inquires and investigations as we deemed appropriate

In the course of our review, we have relied upon and assumed the accuracy and completeness of the financial and other information provided to us by Digital Link. With respect to Digital Link's projected financial results, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgement of the management of Digital Link as to its expected future performance. We have not assumed any responsibility for the information or projections provided to us and we have further relied upon the assurances of the management of Digital Link that it is unaware of any facts that would make the information or projections provided to us incomplete or misleading. In arriving at our opinion, we have not performed or obtained any independent appraisal of the assets of Digital Link. Our opinion is necessarily based on economic, market and other conditions, and the information made available to us, as the date hereof.

Based on the foregoing, it is our opinion that the Transaction, including the Consideration, is fair, from a financial point of view, to the shareholders of Digital Link (other than DLZ and Ms. Gupta).

It is understood that this opinion can be furnished to the Board of Directors of Digital Link to satisfy the requirements of Section 1203 of the General Corporation Law of the State of California and may be included in its entirety in any filing made by Digital Link, DLZ or Ms. Gupta with the Securities and Exchange Commission or the California Department of Corporations. We will receive a fee for this opinion from DLZ.

Very truly yours,

SUTTER SECURITIES INCORPORATED

By: /s/ G.E. MATTHEWS

SENIOR MANAGING DIRECTOR

SCHEDULE II

INFORMATION CONCERNING THE SOLE DIRECTOR AND EXECUTIVE OFFICER OF PURCHASER AND CERTAIN MEMBERS OF THE GUPTA FAMILY

The following table sets forth the name, current business address, citizenship and present principal occupation or employment and material occupations, positions, offices or employments and business addresses thereof for the past five years of the sole director and executive officer of Purchaser. The business address of Vinita Gupta and Narendra Gupta is P.O. Box 620154, Woodside, California 94062-0154. Such director and executive officer is a citizen of the United States of America.

<TABLE>
<CAPTION>

NAME	POSITIONS WITH PURCHASER	PRESENT PRINCIPAL OCCUPATION	FIVE YEAR EMPLOYMENT HISTORY
<S>	<C>	<C>	<C>
Vinita Gupta	Director, President, Treasurer and Secretary	Chairman of the Board, Chief Executive Officer and President of the Company	Chairman of the Board of the Company since May 1985, Chief Executive Officer of the Company from May 1985 to September 1996 and from January 1999 to present, and President of the Company from May 1985 to March 1995, from October 1995 to September 1996 and from January 1999 to present. From March 1998 to January 1999, Ms. Gupta was interim Chief Executive Officer and President of the Company.
Narendra Gupta	n/a	Chairman of the Board, Integrated Systems, Inc. and Director of the Company	Director of the Company since 1985, founder and Chairman of the Board of Directors of Integrated Systems, Inc.

</TABLE>

SCHEDULE III

INTERESTS OF PURCHASER AND THE GUPTA FAMILY IN THE COMPANY

INTERESTS OF PURCHASER AND THE GUPTA FAMILY IN THE COMPANY(1)

<TABLE>
<CAPTION>

	NUMBER OF SHARES BENEFICIALLY OWNED	PERCENTAGE OF CLASS	POWER TO VOTE(3) SOLE	POWER TO VOTE(3) SHARED	POWER TO DISPOSE(3) SOLE	POWER TO DISPOSE(3) SHARED
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Vinita Gupta(2).....	4,076,355	50.9%	-0-	4,076,355	-0-	4,076,355
Narendra Gupta(2).....	4,076,355	50.9%	-0-	4,076,355	-0-	4,076,355

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(1) The relative equity interests of the Gupta Investors in the Company following consummation of the Offer and the Merger would be identical to their interests in Purchaser after the contribution of their Shares to Purchaser.

(2) Represents 3,109,187 shares of Common Stock held of record by Vinita Gupta and Narendra K. Gupta, as trustees for the Narendra and Vinita Gupta Living Trust, 862,500 shares held of record by Vinita Gupta and Narendra K. Gupta, together with a third party, as trustees for their minor children, an aggregate of 63,000 Shares held of record by Mrs. Gupta as custodian for each of her two minor children (31,500 on behalf of each child) and 20,000 Shares held of record by The Naren and Vinita Gupta Foundation with respect

to which Vinita Gupta and Narendra Gupta are trustees and share voting power. Narendra Gupta holds options to purchase 30,000 Shares, 21,668 of which are exerciseable as of the date hereof or will become exercisable within 60 days after the date hereof, which he received in his capacity as a director of the Company. Vinita Gupta holds Options to purchase 100,000 Shares, none of which is exercisable or will become exercisable prior to the Expiration Date, which she received in her capacity as President and Chief Executive Officer of the Company. Vinita Gupta and Narendra Gupta each disclaim beneficial ownership of the 862,500 Shares held in the trust for their minor children and the 63,000 Shares held of record by Vinita as custodian for her two minor children. All of these Shares are subject to Subscription Agreements.

(3) Vinita Gupta and Narendra Gupta share power to vote and dispose of all 4,076,355 Shares beneficially owned by the Gupta Family. With respect to the 862,500 Shares held of record by Vinita Gupta and Narendra K. Gupta, together with a third party, as trustees for the Gupta's minor children, voting and dispositive power is shared with such third trustee, Kalyan Dutta. Mr. Dutta is a citizen of the United States of America. Mr. Dutta's business address is c/o Lockheed Martin Corporation, Advanced Technology Center, 3251 Hanover Street, Palo Alto, California 94304. Mr. Dutta has been an engineer with Lockheed Martin Corporation for the past five years.

TRANSACTIONS IN SHARES BY PURCHASER OR MEMBERS OF THE GUPTA FAMILY SINCE JANUARY 1, 1997

On January 13, 1999, the Company granted to Vinita Gupta options to purchase 100,000 shares of Common Stock at an exercise price of $5.50 per share. Such options vest as follows: 33% on the first anniversary of the date of grant and approximately 2.8% on each monthly anniversary of the date of grant thereafter. Ms. Gupta received these options in her capacity as President and Chief Executive Officer of the Company.

On December 31, 1998, Vinita Gupta and Narendra Gupta, as trustees of the Gupta Children's Trust Agreement, gifted 4,500 shares of Common Stock held by the trust to each of their minor children.

On March 9, 1998, Vinita Gupta transferred 2,857,387 Shares to the Narendra and Vinita Gupta Living Trust, dated December 2, 1994.

On October 13, 1997, the Company granted to Narendra Gupta options to purchase 5,000 Shares at an exercise price of $25.75 per share. On October 12, 1998, the Company granted to Narendra Gupta options to purchase 5,000 Shares at an exercise price of $3.56 per share. Such options vest 2.08% on each monthly anniversary of the date of grant. Mr. Gupta received these options in his capacity as a director of the Company.

SCHEDULE IV
CHAPTER 13 OF THE CGCL

Set forth below is Chapter 13 of the California General Corporation Law regarding dissenters rights, which rights will only be available in connection with the Merger.

CHAPTER 13. DISSENTERS' RIGHTS

SECTION 1300. REORGANIZATION OR SHORT-FORM MERGER; DISSENTING SHARES; CORPORATE PURCHASE AT FAIR MARKET VALUE; DEFINITIONS

(a) If the approval of the outstanding shares (Section 152) of a corporation is required for a reorganization under subdivisions (a) and (b) or subdivision (e) or (f) of Section 1201, each shareholder of the corporation entitled to vote on the transaction and each shareholder of a subsidiary corporation in a short-form merger may, by complying with this chapter, require the corporation in which the shareholder holds shares to purchase for cash at their fair market value the shares owned by the shareholder which are dissenting shares as defined in subdivision (b). The fair market value shall be determined as of the day before the first announcement of the terms of the proposed reorganization or short-form merger, excluding any appreciation or depreciation in consequence of the proposed action, but adjusted for any stock split, reverse stock split, or share dividend which becomes effective thereafter.

(b) As used in this chapter, "dissenting shares" means shares which come within all of the following descriptions:

(1) Which were not immediately prior to the reorganization or short-form merger either (A) listed on any national securities exchange certified by the Commissioner of Corporations under subdivision (o) of Section 25100 or (B) listed on the list of OTC margin stocks issued by the Board of Governors of the Federal Reserve System, and the notice of meeting of shareholders to act upon the reorganization summarizes this section and Sections 1301, 1302, 1303 and 1304; provided, however, that this provision does not apply to any shares with respect to which there exists any restriction on transfer imposed by the corporation or by any law or regulation; and provided, further, that this provision does not apply to any class of shares described in subparagraph (A) or (B) if demands for payment are filed with respect to 5 percent or more of the outstanding shares of that class.

(2) Which were outstanding on the date for the determination of shareholders entitled to vote on the reorganization and (A) were not voted in favor of the reorganization or, (B) if described in... subparagraph (A) or (B) of paragraph (1) (without regard to the provisos in that paragraph), were voted against the reorganization, or which were held of record on the effective date of a short-form merger; provided, however that subparagraph (A) rather than subparagraph (B) of this paragraph applies in any case where the approval required by Section 1201 is sought by written consent rather than at a meeting.

(3) Which the dissenting shareholder has demanded that the corporation purchase at their fair market value, in accordance with Section 1301.

(4) Which the dissenting shareholder has submitted for endorsement, in accordance with Section 1302.

(c) As used in this chapter, "dissenting shareholder" means the record holder of dissenting shares and includes a transferee of record.

SECTION 1301. NOTICE TO HOLDERS OF DISSENTING SHARES IN REORGANIZATIONS; DEMAND FOR PURCHASE; TIME; CONTENTS.

(a) If, in the case of a reorganization, any shareholders of a corporation have a right under Section 1300, subject to compliance with paragraphs (3) and (4) of subdivision (b) thereof, to require the corporation to purchase their shares for cash, such corporation shall mail to each such shareholder a notice

of the approval of the reorganization by its outstanding shares (Section 152) within 10 days after the date of such approval accompanied by a copy of Sections 1300, 1302, 1303, 1304 and this section, a statement of the price determined by the corporation to represent the fair market value of the dissenting shares, and a brief description of the procedure to be followed if the shareholder desires to exercise the shareholder's right under such sections. The statement of price constitutes an offer by the corporation to purchase at the price stated any dissenting shares as defined in subdivision (b) of Section 1300, unless they lose their status as dissenting shares under Section 1309.

(b) Any shareholder who has a right to require the corporation to purchase the shareholder's shares for cash under Section 1300, subject to compliance with paragraphs (3) and (4) of subdivision (b) thereof, and who desires the corporation to purchase such shares shall make written demand upon the corporation for the purchase of such shares and payment to the shareholder in cash of their fair market value. The demand is not effective for any purpose unless it is received by the corporation or any transfer agent thereof (1) in the case of shares described in clause (i) or (ii) of paragraph (1) of subdivision (b) of Section 1300 (without regard to the provisos in that paragraph), not later than the date of the shareholders' meeting to vote upon the reorganization, or (2) in any other case within 30 days after the date on which the notice of the approval by the outstanding shares pursuant to subdivision (a) or the notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder.

(c) The demand shall state the number and class of the shares held of record by the shareholder which the shareholder demands that the corporation purchase and shall contain a statement of what such shareholder claims to be the fair market value of those shares as of the day before the announcement of the proposed reorganization or short-form merger. The statement of fair market value constitutes an offer by the shareholder to sell the shares at such price.

SECTION 1302. SUBMISSION OF SHARE CERTIFICATES FOR ENDORSEMENT; UNCERTIFICATED SECURITIES

Within 30 days after the date on which notice of the approval by the outstanding shares or the notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder, the shareholder shall submit to the corporation at its principal office or at the office of any transfer agent thereof, (a) if the shares are certificated securities, the shareholder's certificates representing any shares which the shareholder demands that the corporation purchase, to be stamped or endorsed with a statement that the shares are dissenting shares or to be exchanged for certificates of appropriate denomination so stamped or endorsed or (b) if the shares are uncertificated securities, written notice of the number of shares which the shareholder demands that the corporation purchase. Upon subsequent transfers of the dissenting shares on the books of the corporation, the new certificates, initial transaction statement, and other written statements issued therefor shall bear a like statement, together with the name of the original dissenting holder of the shares.

SECTION 1303 PAYMENT OF AGREED PRICE WITH INTEREST; AGREEMENT FIXING FAIR MARKET VALUE; FILING; TIME OF PAYMENT

(a) If the corporation and the shareholder agree that the shares are dissenting shares and agree upon the price of the shares, the dissenting shareholder is entitled to the agreed price with interest thereon at the legal rate on judgments form the date of the agreement. Any agreements fixing the fair market value of any dissenting shares as between the corporation and the holders thereof shall be filed with the secretary of the corporation.

(b) Subject to the provisions of Section 1306, payment of the fair market value of dissenting shares shall be made within 30 days after the amount thereof has been agreed or within 30 days after any statutory or contractual conditions to the reorganization are satisfied, whichever is later, and in the case of certificated securities, subject to surrender of the certificates therefor, unless provided otherwise by agreement.

SECTION 1304 ACTION TO DETERMINE WHETHER SHARES ARE DISSENTING SHARES OR FAIR MARKET VALUE; LIMITATION; JOINDER; CONSOLIDATION; DETERMINATION OF ISSUES; APPOINTMENT OF APPRAISERS

(a) If the corporation denies that the shares are dissenting shares, or the corporation and the shareholder fail to agree upon the fair market value of the shares, then the shareholder demanding purchase of such shares as dissenting shares or any interested corporation, within six months after the date on which notice of the approval by the outstanding shares (Section 152) or notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder, but not thereafter, may file a complaint in the superior court of the proper county praying the court to determine whether the shares are dissenting shares or the fair market value of the dissenting shares or both or may intervene in any action pending on such complaint.

(b) Two or more dissenting shareholders may join as plaintiffs or be joined as defendants in any such action and two or more such actions may be consolidated.

(c) On the trial of the action, the court shall determine the issues. If the status of the shares as dissenting shares is in issue, the court shall first determine that issue. If the fair market value of the dissenting shares is in issue, the court shall first determine that issue. If the fair market value of the dissenting shares is in issue, the court shall determine, or shall appoint one or more impartial appraisers to determine, the fair market value of the hares.

SECTION 1305. REPORT OF APPRAISERS; CONFIRMATION; DETERMINATION BY COURT; JUDGMENT; PAYMENT; APPEAL; COSTS

(a) If the court appoints an appraiser or appraisers, they shall proceed forthwith to determine the fair market value per share. Within the time fixed by the court, the appraisers, or a majority of them, shall make and file a report in the office of the clerk of the court. Thereupon, on the motion of any party, the report shall be submitted to the court and considered on such evidence as the court considers relevant. If the court finds the report reasonable, the court may confirm it.

(b) If a majority of the appraisers appointed fail to make and file a report within 10 days from the date of their appointment or within such further time as may be allowed by the court or the report is not confirmed by the court, the court shall determine the fair market value of the dissenting shares.

(c) Subject to the provisions of Section 1306, judgment shall be rendered against the corporation for payment of an amount equal to the fair market value of each dissenting share multiplied by the number of dissenting shares which any dissenting shareholder who is a party, or who has intervened, is entitled to require the corporation to purchase, with interest thereon at the legal rate from the date on which judgment was entered.

(d) Any such judgment shall be payable forthwith with respect to uncertificated securities and, with respect to certificated securities, only upon the endorsement and delivery to the corporation of the certificates for the shares described in the judgment. Any party may appeal from the judgment.

(e) The costs of the action, including reasonable compensation to the appraisers to be fixed by the court, shall be assessed or apportioned as the court considers equitable, but, if the appraisal exceeds the price offered by the corporation, the corporation shall pay the costs (including in the discretion of the court attorneys' fees, fees of expert witnesses and interest at the legal rate on judgments from the date of compliance with Sections 1300, 1301, and 1302 if the value awarded by the court for the shares is more than 125 percent of the price offered by the corporation under subdivision (a) of Section 1301).

SECTION 1306 PREVENTION OF IMMEDIATE PAYMENT; STATUS AS CREDITORS;

To the extent that the provisions of Chapter 5 prevent the payment to any holders of dissenting shares of their fair market value, they shall become creditors of the corporation for the amount thereof together

with interest at the legal rate on judgments until the date of payment, but subordinate to all other creditors in any liquidation proceeding, such debt to be payable when permissible under the provisions of Chapter 5.

SECTION 1307. DIVIDENDS ON DISSENTING SHARES

Cash dividends declared and paid by the corporation upon the dissenting shares after the date of approval of the reorganization by the outstanding shares (Section 152) and prior to payment for the shares by the corporation shall be credited against the total amount to be paid by the corporation therefor.

SECTION 1308. RIGHTS OF DISSENTING SHAREHOLDERS PENDING VALUATION; WITHDRAWAL OF DEMAND FOR PAYMENT

Except as expressly limited in this chapter, holders of dissenting shares continue to have all the rights and privileges incident to their shares, until the fair market value of their shares is agreed upon or determined. A dissenting shareholders may not withdraw a demand for payment unless the corporation consents thereto.

SECTION 1309. TERMINATION OF DISSENTING SHARE AND SHAREHOLDER STATUS

Dissenting shares lose their status as dissenting shares and the holders thereof cease to be dissenting shareholders and cease to be entitled to require the corporation to purchase their shares upon the happening of any of the following:

(a) The corporation abandons the reorganization. Upon abandonment of the reorganization, the corporation shall pay on demand to any dissenting shareholder who has initiated proceedings in good faith under this chapter all necessary expenses incurred in such proceedings and reasonable attorneys' fees.

(b) The shares are transferred prior to the submission for endorsement in accordance with Section 1302 or are surrendered for conversion into shares of another class in accordance with the articles.

(c) The dissenting shareholder and the corporation do not agree upon the status of the shares as dissenting shares or upon the purchase price of the shares, and neither files a complaint or intervenes in a pending action as provided in Section 1304, within six months after the date on which notice of the approval by the outstanding shares or notice pursuant to subdivision (i) of Section 1110 was mailed to the shareholder.

(d) The dissenting shareholder, with the consent of the corporation, withdraws the shareholder's demand for purchase of the dissenting shares.

SECTION 1310. SUSPENSION OF RIGHT TO COMPENSATION OR VALUATION PROCEEDINGS; LITIGATION OR SHAREHOLDERS' APPROVAL

If litigation is instituted to test the sufficiency or regularity of the votes of the shareholders in authorizing a reorganization, any proceedings under Sections 1304 and 1305 shall be suspended until final determination of such litigation.

SECTION 1311. EXEMPT SHARES

This chapter, except Section 1312, does not apply to classes of shares whose terms and provisions specifically set forth the amount to be paid in respect to such shares in the event of a reorganization or merger.

SECTION 1312. RIGHT OF DISSENTING SHAREHOLDER TO ATTACK, SET ASIDE OR RESCIND MERGER OR REORGANIZATION; RESTRAINING ORDER OR INJUNCTION; CONDITIONS

(a) No shareholder of a corporation who has a right under this chapter to demand payment of cash for the shares held by the shareholder shall have any right at law or in equity to attack the validity of the reorganization or short-form merger, or to have the reorganization or short-form merger set aside or

rescinded, except in an action to test whether the number of shares required to authorize or approve the reorganization have been legally voted in favor thereof; but any holder of shares of a class whose terms and provisions specifically set forth the amount to be paid in respect to them in the event of a reorganization or short-form merger is entitled to payment in accordance with those terms and provisions or, if the principal terms of the reorganization are approved pursuant to subdivision (b) of Section 1202, is entitled to payment in accordance with the terms and provisions of the approved reorganization.

(b) If one of the parties to a reorganization or short-form merger is directly or indirectly controlled by, or under common control with, another party to the reorganization or short-form merger, subdivision (a) shall not apply to any shareholder of such party who has not demanded payment of cash for such shareholder's shares pursuant to this chapter; but if the shareholder institutes any action to attack the validity of the reorganization or short-form merger or to have the reorganization or short-form merger set aside or rescinded, the shareholder shall not thereafter have any right to demand payment of cash for the shareholder's shares pursuant to this chapter. The court in any action attacking the validity of the reorganization or short-form merger or to have the reorganization or short-form merger set aside or rescinded shall not restrain or enjoin the consummation of the transaction except upon 10 days' prior notice to the corporation and upon a determination by the court that clearly no other remedy will adequately protect the complaining shareholder or the class of shareholders of which such shareholder is a member.

(c) If one of the parties to a reorganization or short-form merger is directly or indirectly controlled by, or under common control with, another party to the reorganization or short-form merger, in any action to attack the validity of the reorganization or short-form merger or to have the reorganization or short-form merger set aside or rescinded (1) a party to a reorganization or short-form merger which controls another party to the reorganization or short-form merger shall have the burden of proving that the transaction is just and reasonable as to the shareholders of the controlled party, and (2) a person who controls two or more parties to a reorganization shall have the burden of proving that the transaction is just and reasonable as to the shareholders of any party so controlled.

Facsimile copies (with manual signatures) of the Letter of Transmittal will be accepted. The Letter of Transmittal and certificates for Shares and any other required documents should be sent or delivered by each shareholder of the Company or such shareholder's broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of the addresses set forth below:

The Depositary for the Offer is:

HARRIS TRUST COMPANY OF NEW YORK

<TABLE>
<S> <C>
BY MAIL: BY HAND/OVERNIGHT DELIVERY:

WALL STREET STATION P.O. BOX 1023 NEW YORK, NEW YORK 10268-1023	RECEIVE WINDOW WALL STREET PLAZA 88 PINE STREET, 19TH FLOOR NEW YORK, NEW YORK 10005

</TABLE>

BY FACSIMILE TRANSMISSIONS:
(FOR ELIGIBLE INSTITUTIONS ONLY)
(212) 701-7636
FOR INFORMATION (CALL COLLECT):
(212) 701-7624

Any questions or requests for assistance or additional copies of the Offer to Purchase and the related Letter of Transmittal, and other tender offer materials, may be directed to the Information Agent at its respective address and telephone number listed below. Shareholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

MACKENZIE PARTNERS, INC.
156 5th Avenue
New York, New York 10010
Banks and Brokers Call Collect: (212) 929-5500
All Others Call Toll Free: (800) 322-2885

LETTER OF TRANSMITTAL

TO TENDER SHARES OF COMMON STOCK
of

DIGITAL LINK CORPORATION

PURSUANT TO THE OFFER TO PURCHASE
DATED SEPTEMBER 10, 1999

of

DLZ CORP.

THIS OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT,
NEW YORK CITY TIME, ON OCTOBER 15, 1999, UNLESS THE OFFER IS EXTENDED.

THE DEPOSITARY FOR THE OFFER IS:

HARRIS TRUST COMPANY OF NEW YORK

<TABLE>
<S> <C>

BY MAIL:	BY HAND/OVERNIGHT DELIVERY:
Wall Street Station	Receive Window
P.O. Box 1023	Wall Street Plaza
New York, New York 10268-1023	88 Pine Street, 19th Floor
	New York, New York 10005

</TABLE>

BY FACSIMILE TRANSMISSIONS:
(for Eligible Institutions only)
(212) 701-7636

FOR INFORMATION (CALL COLLECT):
(212) 701-7624

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY. YOU MUST SIGN THIS LETTER OF TRANSMITTAL WHERE INDICATED BELOW AND COMPLETE THE SUBSTITUTE FORM W-9 PROVIDED BELOW.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be completed by shareholders of Digital Link Corporation (the "Company") if certificates representing Shares (as defined below) ("Share Certificates") are to be forwarded herewith or, unless an Agent's Message (as defined in the Offer to Purchase (as defined below)) is utilized, if delivery of Shares is to be made by book-entry transfer to the Depositary's account at The Depository Trust Company ("DTC") (hereinafter referred to as the "Book-Entry Transfer Facility") pursuant to the procedures set forth in Section 3 of the Offer to Purchase.

Shareholders whose Share Certificates are not immediately available or who cannot deliver their Share Certificates and all other documents required hereby to the Depositary prior to the Expiration Date (as defined in the Offer to Purchase), or who cannot comply with the book-entry transfer procedures on a timely basis, may nevertheless tender their Shares pursuant to the guaranteed delivery procedure set forth under the heading "The Tender Offer-- Section 3. Procedure for Tendering Shares" of the Offer to Purchase. See Instruction 2. Delivery of documents to the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures does not constitute delivery to the Depositary.

<TABLE>
<CAPTION>

/ /	CHECK HERE IF SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:
<C>	<S>
	Name of Tendering Institution
	Account Number Transaction Code Number
/ /	CHECK HERE IF SHARES ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:
	Name(s) of Registered Holder(s)
	Window Ticket No. (if any)
	Date of Execution of Notice of Guaranteed Delivery
	Name of Institution which Guaranteed Delivery

</TABLE>

<TABLE>
<CAPTION>

DESCRIPTION OF SHARES TENDERED

Name(s) and Address(es) of Holder(s) (Please fill in, if blank, exactly as name(s) appear(s) on Share Certificate(s))	Share Certificate Number(s)*	Total Number of Shares Evidenced by Share Certificate(s)	Number of Shares Tendered
<S>	<C>	<C>	<C>
	Total Shares		

</TABLE>

* Need not be completed by shareholders delivering Shares by book-entry transfer.

** Unless otherwise indicated, it will be assumed that all Shares evidenced by each Share Certificate delivered to the Depositary are being rendered hereby. See Instruction 4.

/ / CHECK HERE IF CERTIFICATES HAVE BEEN LOST OR MUTILATED. SEE SECTION 11.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to DLZ Corp., a California corporation ("Purchaser"), the above-described shares of Common Stock, no par value per share (the "Shares"), of Digital Link Corporation, a California corporation (the "Company"), pursuant to Purchaser's offer to purchase any and all outstanding Shares at a purchase price of $10.30 per Share (the "Offer Price"), net to the seller in cash, without interest thereon, upon the terms and subject to the

conditions set forth in the Offer to Purchase, dated September 10, 1999 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, together with the Offer to Purchase, as each may be amended and supplemented from time to time, constitute the "Offer"). The Offer is being made in connection with the Agreement and Plan of Merger, dated as of September 3, 1999 (the "Merger Agreement"), between Purchaser and the Company.

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith, the undersigned hereby sells, assigns and transfers to or upon the order of Purchaser all right, title and interest in and to all the Shares that are being tendered hereby and any and all other Shares or other securities issued or issuable in respect thereof on or after September 2, 1999 (a "Distribution") and appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares (and any Distributions), with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (a) deliver Share Certificates (and any Distributions), or transfer ownership of such Shares (and any Distributions) on the account books maintained by the Book-Entry Transfer Facility, together, in any such case, with all accompanying evidences of transfer and authenticity, to or upon the order of Purchaser, (b) present such Shares (and any Distributions) for transfer on the books of the Company, and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and any Distributions), all in accordance with the terms and subject to the conditions of the Offer.

The undersigned hereby irrevocably appoints designees of Purchaser as the attorneys and proxies of the undersigned, each with full power of substitution, to exercise all voting and other rights of the undersigned in such manner as each such attorney and proxy or his substitute shall in his sole judgment deem proper, with respect to all of the Shares tendered hereby which have been accepted for payment by Purchaser prior to the time of any vote or other action (and any Distributions), at any meeting of shareholders of the Company (whether annual or special and whether or not an adjourned meeting) or otherwise. This power of attorney and proxy are irrevocable, are coupled with an interest in the Shares tendered hereby, and are granted in consideration of, and effective upon, the acceptance for payment of such Shares by Purchaser in accordance with the terms of the Offer. Such acceptance for payment shall revoke any other proxy or written consent granted by the undersigned at any time with respect to such Shares (and any Distributions), and no subsequent proxies will be given or written consents executed by the undersigned (and if given or executed, will not be deemed effective).

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby (and any Distributions) and that when the same are accepted for payment by Purchaser, Purchaser will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depositary or Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby (and any Distributions). All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, this tender is irrevocable.

The undersigned understands that the tender of Shares pursuant to any one of the procedures described under the heading "The Tender Offer--Section 3. Procedure for Tendering Shares" of the Offer to Purchase and in the instructions hereto will constitute an agreement between the undersigned and Purchaser upon the terms and subject to the conditions of the Offer. The undersigned acknowledges that no interest will be paid on the Offer Price for tendered Shares regardless of any extension of the Offer or any delay in making such payment.

Unless otherwise indicated in the box entitled "Special Payment Instructions," please issue the check for the purchase price of any Shares purchased, and return any Share Certificates evidencing any Shares not tendered

or not purchased, in the name(s) of the undersigned (and, in the case of Shares tendered by book-entry transfer, by credit to the account at the Book-Entry Transfer Facility). Similarly, unless otherwise indicated in the box entitled "Special Delivery Instructions," please mail the check for the purchase price of any Shares purchased and return any Share Certificates evidencing any Shares not tendered or not purchased (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s). In the event that the boxes entitled "Special Payment Instructions" and "Special Delivery Instructions" are both completed, please issue the check for the

purchase price of any Shares purchased and return any Share Certificates evidencing any Shares not tendered or not purchased in the name(s) of, and mail said check and Share Certificates to, the person(s) so indicated. The undersigned acknowledges that Purchaser has no obligation, pursuant to the "Special Payment Instructions," to transfer any Shares from the name of the registered holder(s) thereof if Purchaser does not accept for payment any of the Shares so tendered.

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Share Certificates evidencing Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned, or if Shares tendered hereby and delivered by book-entry transfer which are not purchased are to be returned by credit to an account at the Book-Entry Transfer Facility other than that designated above.
Issue: / / Check / / Share / / Certificate(s) to:

Name: _____
(PLEASE PRINT)
Address: _____
_____

_____
(ZIP CODE)

_____
(TAXPAYER IDENTIFICATION OR
SOCIAL SECURITY NUMBER)
(SEE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

/ / Credit Shares delivered by book-entry transfer and not purchased to the account set forth below:

Account Number _____

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Share Certificates evidencing Shares not tendered or not purchased are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown under the undersigned's signature.

Mail: / / Check / / Share Certificate(s) to:

Name: _____
(PLEASE PRINT)

Address: _____

_____

_____
(ZIP CODE)

(SEE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

IMPORTANT
SHAREHOLDERS: SIGN HERE
(PLEASE COMPLETE SUBSTITUTE FORM W-9 ON REVERSE)

_____

_____
SIGNATURE(S) OF HOLDER(S)

Dated: _____

(Must be signed by the registered holder(s) exactly as such holder(s) name(s) appear(s) on the Share Certificate(s) or on a security position listing or by a person(s) authorized to become the registered holder(s) of such Share Certificate(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information and see Instruction 5.)

Name(s): _____
(PLEASE PRINT)

Capacity (full title): _____

Address: _____
(INCLUDE ZIP CODE)

Area Code and Telephone No.: _____

Taxpayer Identification or Social Security No.: _____
(SEE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 5)

Authorized Signature: _____

Name: _____
(PLEASE TYPE OR PRINT)

Title: _____

Name of Firm: _____

Address: _____
(INCLUDE ZIP CODE)

Area Code and Telephone No.: _____

Dated: _____

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES. Except as otherwise provided below, signatures on all Letters of Transmittal must be guaranteed by a firm that is a bank, broker, dealer, credit union, savings association or other entity which is a

member in good standing of the Medallion Signature Guarantee Program or by any other bank, broker, dealer, credit union, savings association or other entity which is an "eligible guarantor institution," as such term is defined in Rule 17Ad-5 under the Securities Exchange Act of 1934, as amended (each of the foregoing constituting an "Eligible Institution"), except in cases where Shares are tendered (i) by a registered holder of Shares who has not completed either the box labeled "Special Payment Instructions" or the box labeled "Special Delivery Instructions" on this Letter of Transmittal or (ii) for the account of an Eligible Institution. See Instruction 5. If Share Certificates are registered in the name of a person or persons other than the signer of this Letter of Transmittal, or if payment is to be made, or a Share Certificate is not accepted for payment or not tendered are to be returned to, a person other than the registered holder(s), then the tendered Share Certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear on the Share Certificates, with the signatures on such Share Certificates or stock powers guaranteed by an Eligible Institution as provided herein. See Instruction 5.

2. DELIVERY OF LETTER OF TRANSMITTAL AND SHARE CERTIFICATES. This Letter of Transmittal is to be used if Share Certificates are to be forwarded herewith or, unless an Agent's Message is utilized, if the delivery of Shares is to be made by book-entry transfer pursuant to the procedures set forth under the heading "The Tender Offer--Section 3. Procedure for Tendering Shares" of the Offer to Purchase. Certificates for all physically delivered Shares, or a confirmation of a book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility of all Shares delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof) and any other documents required by this Letter of Transmittal, or an Agent's Message in the case of a book-entry transfer, must be received by the Depositary at one of its addresses set forth on the front page of this Letter of Transmittal by the Expiration Date (as defined in the Offer to Purchase). Shareholders who cannot deliver their Share Certificates and all other required documents to the Depositary by the Expiration Date must tender their Shares pursuant to the guaranteed delivery procedure set forth under the heading "The Tender Offer--Section 3. Procedure for Tendering Shares" of the Offer to Purchase. Pursuant to such procedure: (a) such tender must be made by or through an Eligible Institution; (b) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by Purchaser, must be received by the Depositary prior to the Expiration Date; and (c) the Share Certificates evidencing all tendered Shares, in proper form for tender, or a confirmation of a book-entry transfer into the Depositary's account at the Book-Entry Transfer Facility of all Shares delivered electronically, in each case together with a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile thereof), with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message), and any other documents required by this Letter of Transmittal, must be received by the Depositary within three Nasdaq National Market trading days of the date of execution of such Notice of Guaranteed Delivery, all as provided under the heading "The Tender Offer--Section 3. Procedure for Tendering Shares" of the Offer to Purchase.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH THE BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING SHAREHOLDER, AND DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY, INCLUDING IN THE CASE OF A BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted. By execution of this Letter of Transmittal (or a manually signed facsimile thereof), all tendering shareholders waive any right to receive any notice of the acceptance of their Shares for payment.

3. INADEQUATE SPACE. If the space provided herein is inadequate, the Share Certificate numbers and/or the number of Shares should be listed on a separate schedule attached hereto.

4. PARTIAL TENDERS. If fewer than all of the Shares represented by any Share Certificate delivered to the Depositary are to be tendered, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such case, a new Share Certificate for the remainder of the Shares represented by the old Share Certificate will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the box entitled "Special Delivery Instructions," as promptly as practicable following the expiration or termination of the Offer. All Shares represented by Share Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. SIGNATURES ON LETTER OF TRANSMITTAL; STOCK POWERS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share Certificate(s) without alteration, enlargement or any other change whatsoever.

If any of the Shares tendered hereby are owned of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in different names on different Share Certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of Share Certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of Share Certificate(s) or separate stock powers are required, unless payment of the purchase price is to be made, or Share Certificate(s) evidencing Shares not tendered or not purchased are to be returned, in the name of any person other than the registered holder(s). Signatures on any such Share Certificate(s) or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, the Share Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Share Certificate(s). Signature(s) on any such Share Certificate(s) or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Share Certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and proper evidence satisfactory to Purchaser of the authority of such person to so act must be submitted.

6. STOCK TRANSFER TAXES. Purchaser will pay any stock transfer taxes with respect to the sale and transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price is to be made to, or Share Certificates evidencing Shares not tendered or not purchased are to be returned in the name of, any person other than the registered holder(s) of such Shares, then the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted. EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT WILL NOT BE NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE SHARE CERTIFICATE(S) LISTED IN THIS LETTER OF TRANSMITTAL.

7. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If the check for the purchase price of any Shares purchased is to be issued, or any Share Certificate(s) evidencing Shares not tendered or not purchased are to be returned, in the name of a person other than the person(s) signing this Letter of Transmittal or if the check or any Share Certificate(s) evidencing Shares not tendered or not purchased are to be mailed to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal at an address other than that shown above, the appropriate boxes on

this Letter of Transmittal should be completed. Shareholders tendering Shares by book-entry transfer may request that Shares not purchased be credited to such account at the Book-Entry Transfer Facility as such shareholder may designate in the box entitled "Special Payment Instructions." If no such instructions are given, any such Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facility.

8. SUBSTITUTE FORM W-9. The tendering holder of Shares is required to provide the Depositary with such holder's correct taxpayer identification number ("TIN") on Substitute Form W-9, which is provided below, unless an exemption applies. In the case of any holder who has completed the box entitled "Special Payment Instructions," however, the correct TIN on Substitute Form W-9 should be provided for the recipient of the payment pursuant to such instructions. Failure to provide the information on the Substitute Form W-9 may subject the tendering holder of Shares to a $50 penalty and to 31% federal income tax backup withholding on the payment of the purchase price for the Shares.

9. FOREIGN HOLDERS. Foreign holders must submit a completed IRS Form W-8 to avoid 31% backup withholding. IRS Form W-8 may be obtained by contacting the Depositary at its address on the face of this Letter of Transmittal.

10. QUESTIONS AND REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions and requests for assistance may be directed to the Information Agent at its address and telephone number set forth on the back cover of the Offer to Purchase. Additional copies of the Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other related materials may be obtained from the Information Agent or from brokers, dealers, commercial banks and trust companies.

11. LOST, DESTROYED OR STOLEN CERTIFICATES. If any certificate(s) representing Shares has been lost, destroyed or stolen, the shareholder should promptly notify the Depositary. The shareholder will then be instructed as to the steps that must be taken in order to replace the certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed.

THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE COPY HEREOF (TOGETHER WITH SHARE CERTIFICATES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY ON OR PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE).

IMPORTANT TAX INFORMATION

Under the federal income tax law, a holder of Shares whose tendered Shares are accepted for payment is required by law to provide the Depositary (as payer) with such holder's correct TIN on Substitute Form W-9 below. The holder of Shares must also state that (i) such holder has not been notified by the Internal Revenue Service that such holder is subject to backup withholding as a result of a failure to report all interest or dividends or (ii) the Internal Revenue Service has notified such holder that such holder is no longer subject to backup withholding. If the Depositary is not provided with the correct TIN, the holder of Shares may be subject to a $50 penalty imposed by the Internal Revenue Service and payments made to such holder may be subject to backup withholding.

Certain holders of Shares (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement, signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements can be obtained from the Depositary. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Depositary is required to withhold 31% of any payments made to the holder of Shares. Backup withholding is not an additional tax. Rather, the tax withheld pursuant to backup withholding rules will be available as a credit against such holder's tax liabilities. If

withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

WHAT NUMBER TO GIVE THE DEPOSITARY

If the holder of Shares is an individual, the correct TIN is his or her social security number. In other cases, the correct TIN may be the employer identification number of the record holder of the Shares tendered hereby. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report. If the tendering holder of Shares has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the holder should write "Applied For" in the space provided for the TIN in Part I of the Substitute Form W-9, and sign and date the Substitute Form W-9 and the Certificate of Awaiting Taxpayer Identification Number. If "Applied For" is written in Part I of the Substitute Form W-9 and the Depositary is not provided with a TIN within thirty (30) days, the Depositary may withhold 31% of all payments of the purchase price to such holder until a TIN is provided to the Depositary.

PAYER'S NAME: HARRIS TRUST COMPANY OF NEW YORK

<TABLE>

<C>	<S>	<C>
SUBSTITUTE FORM W-9 Department of the Treasury Internal Revenue Service	PART I--Taxpayer Identification Number-- for all accounts, enter taxpayer identification number in the box at right. (For most individuals this is your social security number. If you do not have a number, see Obtaining a Number in the enclosed GUIDELINES.) Certify by signing and dating below. Note: If the account is in more than one name, see chart in the enclosed GUIDELINES to determine which number to give the payer	Social Security Number OR Employer Identification Number (If awaiting TIN write "Applied For")
Payer's Request for Taxpayer Identification Number (TIN)	PART II--For Payees exempt from backup withholding, see the enclosed GUIDELINES and complete as instructed therein.	

PART III--CERTIFICATION--Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me); and

(2) I am not subject to backup withholding either because (a) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (b) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS--You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if, after being notified by the IRS that you were subject to backup withholding, you received another notification from the IRS that you were no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)

SIGNATURE ---------- DATE----------

</TABLE>

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON

SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN THE SPACE PROVIDED IN PART I AND YOU ARE AWAITING (OR WILL SOON APPLY FOR) A TAXPAYER IDENTIFICATION NUMBER

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that, notwithstanding the information I provided in Part I of the Substitute Form W-9 (and the fact that I have completed this Certificate of Awaiting Taxpayer Identification Number), if I do not provide a correct taxpayer identification number to the Depositary within thirty (30) days, 31% of all reportable payments made to me pursuant to the Offer may be withheld.

SIGNATURE
---------- DATE

Questions and requests for assistance may be directed to the Information Agent at its address and telephone number listed below. Additional copies of the Offer to Purchase, the Letter of Transmittal and other tender offer materials may be obtained from the Information Agent as set forth below, and will be furnished promptly at the Purchaser's expense. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

MACKENZIE PARTNERS, INC.
156 Fifth Avenue
New York, New York 10010
(212) 929-5500 (call collect)
or
Call Toll-Free (800) 322-2885

NOTICE OF GUARANTEED DELIVERY
for
TENDER OF SHARES OF COMMON STOCK
of
DIGITAL LINK CORPORATION

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON OCTOBER 15, 1999, UNLESS THE OFFER IS EXTENDED.

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Offer (as defined below) if certificates evidencing shares of Common Stock, no par value per share (the "Shares"), of Digital Link Corporation, a California corporation (the "Company"), are not immediately available, or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Depositary on or prior to the Expiration Date (as defined in the Offer to Purchase, dated September 10, 1999 (the "Offer to Purchase")). Such form may be delivered by hand or facsimile transmission or mail to the Depositary. See the information under the heading "The Tender Offer--Section 3. Procedure for Tendering Shares" of the Offer to Purchase.

THE DEPOSITARY FOR THE OFFER IS:

HARRIS TRUST COMPANY OF NEW YORK

<TABLE>
<S>
BY MAIL:

Wall Street Station
P.O. Box 1023
New York, New York 10268-1023

<C>
BY HAND/OVERNIGHT DELIVERY:

Receive Window
Wall Street Plaza
88 Pine Street, 19th Floor
New York, New York 10005
</TABLE>

BY FACSIMILE TRANSMISSIONS:
(for Eligible Institutions only)
(212)701-7636

FOR INFORMATION (CALL COLLECT):
(212)701-7624

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THIS NOTICE OF GUARANTEED DELIVERY IS NOT TO BE USED TO GUARANTEE SIGNATURES. IF A SIGNATURE ON A LETTER OF TRANSMITTAL IS REQUIRED TO BE

GUARANTEED BY AN "ELIGIBLE INSTITUTION" (AS DEFINED IN THE OFFER TO PURCHASE) UNDER THE INSTRUCTION THERETO, SUCH SIGNATURE GUARANTEES MUST APPEAR IN THE APPLICABLE SPACE PROVIDED IN THE SIGNATURE BOX ON THE LETTER OF TRANSMITTAL.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal or an Agent's Message (as defined in the Offer to Purchase) and certificates for Shares to the Depositary within the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

THE GUARANTEE ON THE REVERSE SIDE MUST BE COMPLETED.

Ladies and Gentlemen:

The undersigned hereby tenders to DLZ Corp., a California corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal (which, as amended and supplemented from time to time, together constitute the "Offer"), receipt of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedures described under the heading "The Tender Offer--Section 3. Procedure for Tendering Shares" of the Offer to Purchase.

Signature(s): _____

_____

Name(s) of
Record Holder(s): _____
Please Type or Print

_____

Certificate Nos.
(if available): _____

Address: _____

_____
Zip Code

Area Code and
Tel. No.: _____

If Shares will be delivered by book-entry transfer, provide the following information:

Account Number: _____

/ / The Depository Trust Company

Date:_____

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

THE UNDERSIGNED, A BANK, BROKER, DEALER, CREDIT UNION, SAVINGS ASSOCIATION OR OTHER EQUITY WHICH IS A MEMBER IN GOOD STANDING OF THE SECURITIES TRANSFER AGENTS MEDALLION PROGRAM OR A BANK, BROKER, DEALER, CREDIT UNION, SAVINGS ASSOCIATION OR OTHER ENTITY WHICH IS AN "ELIGIBLE GUARANTOR INSTITUTION," AS SUCH TERM IS DEFINED IN RULE 17AD-15 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (EACH OF THE FOREGOING CONSTITUTING AN "ELIGIBLE INSTITUTION"), GUARANTEES THE DELIVERY TO THE DEPOSITARY OF THE SHARES TENDERED HEREBY, TOGETHER WITH A PROPERLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL (OR A MANUALLY SIGNED FACSIMILE THEREOF) AND ANY OTHER REQUIRED DOCUMENTS, OR AN AGENT'S MESSAGE (AS DEFINED IN THE OFFER TO PURCHASE) IN THE CASE OF A BOOK-ENTRY TRANSFER OF SHARES, ALL WITHIN THREE NASDAQ NATIONAL MARKET TRADING DAYS OF THE DATE HEREOF.

Name of Firm: _____

Address: _____

_____

Zip Code

Area Code and
Tel. No.: _____

_____

Authorized Signature

Name: _____

Please Print

Title: _____

Date: _____

NOTE: DO NOT SEND SHARE CERTIFICATES WITH THIS FORM. CERTIFICATES FOR SHARES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

OFFER TO PURCHASE FOR CASH
ANY AND ALL OUTSTANDING SHARES OF COMMON STOCK
of

DIGITAL LINK CORPORATION

at
$10.30 NET PER SHARE
by
DLZ CORP.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT,
NEW YORK CITY TIME, ON OCTOBER 15, 1999, UNLESS THE OFFER IS EXTENDED.

September 10, 1999

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

MacKenzie Partners, Inc. is acting as Information Agent to DLZ Corp., a California corporation ("Purchaser"), in connection with Purchaser's offer to purchase any and all outstanding shares of Common Stock, no par value per share (the "Shares"), of Digital Link Corporation, a California corporation (the "Company"), at a purchase price of $10.30 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 10, 1999 (the "Offer to Purchase"), and in the related Letter of Transmittal (which, as amended and supplemented from time to time, together constitute the "Offer") enclosed herewith. All capitalized terms used but not defined herein shall have the meaning ascribed to them in the Offer to Purchase.

The Offer is being made pursuant to the Agreement and Plan of Merger dated as of September 3, 1999 (the "Merger Agreement"), between Purchaser and the Company. Under the terms of the Merger Agreement, if the Minimum Condition is satisfied, following the purchase of Shares pursuant to the Offer and the satisfaction of other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the California General Corporation Law, Purchaser will be merged with and into the Company, with the Company surviving the Merger.

The Board acting on the unanimous recommendation of a special committee of independent directors not affiliated with the Purchaser has approved and adopted the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger, has determined that the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger are fair and in the best interests of the Company and the shareholders of the Company, and recommends acceptance of the offer by the shareholders of the Company.

Please furnish copies of the enclosed materials to those of your clients for

whose accounts you hold Shares in your name or in the name of your nominee.

Enclosed herewith for your information and forwarding to your clients are copies of the following documents:

1. The Offer to Purchase, dated September 10, 1999.

2. The Letter of Transmittal to tender Shares for your use and for the information of your clients. Facsimile copies of the Letter of Transmittal (with manual signatures) may be used to tender Shares.

3. A letter to shareholders of the Company from Richard C. Alberding, Chairman of Special Committee of the Board of Directors of the Company, together with a Solicitation/Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission by the Company and mailed to the shareholders of the Company, each recommending that the Company's shareholders accept the Offer and tender their Shares.

4. The Notice of Guaranteed Delivery to be used to tender Shares pursuant to the Offer if none of the procedures for tendering Shares set forth in the Offer to Purchase can be completed on a timely basis.

5. A printed form of letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer.

6. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9.

7. A return envelope addressed to Harris Trust Company of New York, as Depositary (the "Depositary").

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON OCTOBER 15, 1999, UNLESS THE OFFER IS EXTENDED.

Please note the following:

1. The tender price is $10.30 per Share, net to the seller in cash, without interest thereon.

2. The Offer is being made for any and all of the outstanding Shares.

3. The Offer and withdrawal rights will expire at 12:00 midnight, New York City time, on October 15, 1999, unless the Offer is extended.

4. THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (I) THERE HAVING BEEN VALIDLY TENDERED, AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF

THE OFFER A NUMBER OF SHARES WHICH, TOGETHER WITH THE 4,034,687 SHARES BENEFICIALLY OWNED BY PURCHASER AND THE GUPTA INVESTORS (AS DEFINED IN THE OFFER TO PURCHASE) ON THE DATE OF PURCHASE, WOULD CONSTITUTE NOT LESS THAN 90% OF THE OUTSTANDING SHARES ON THE DATE OF PURCHASE (THE "MINIMUM CONDITION"), AND (II) THE SATISFACTION OF CERTAIN OTHER TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE.

5. The Offer is being made pursuant to the Agreement and Plan of Merger dated as of September 3, 1999 (the "Merger Agreement"), between Purchaser and the Company. Under the terms of the Merger Agreement, if the Minimum Condition is satisfied, following the purchase of Shares pursuant to the Offer and the satisfaction of other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the California General Corporation Law, Purchaser will be merged with and into the Company, with the Company surviving the Merger.

6. The Board acting on the unanimous recommendation of a special committee of independent directors not affiliated with the Purchaser has approved and adopted the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger, has determined that the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger are fair and in the best interests of the Company and the shareholders of the Company, and recommends acceptance of the offer by the shareholders of the Company.

7. Tendering shareholders will not be obligated to pay brokerage fees or commissions or, except as set forth in the Letter of Transmittal, stock transfer taxes on the transfer of Shares pursuant to the Offer.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), Purchaser will accept for payment and pay for all Shares validly tendered and not properly withdrawn on or prior to the Expiration Date (as defined in the Offer to Purchase). In order to take advantage of the Offer, (i) a duly executed and properly completed Letter of Transmittal (or a manually signed facsimile thereof) and any required signature guarantees or, in the case of a book-entry transfer, an Agent's Message, and any other required

documents should be sent to the Depositary and (ii) certificates representing the tendered Shares (the "Share Certificates") or a timely Book-Entry Confirmation should be delivered to the Depositary in accordance with the instructions set forth in the Offer to Purchase and the Letter of Transmittal.

Holders of Shares whose Share Certificates are not immediately available or who cannot deliver their Share Certificates and all other required documents to the Depositary or complete the procedures for book-entry transfer prior to the Expiration Date must tender their Shares according to the guaranteed delivery procedures set forth under the heading "The Tender Offer--Section 3. Procedure for Tendering Shares" of the Offer to Purchase.

None of Purchaser, nor any officer, director, shareholder, agent or other

representative of Purchaser will pay any fees or commissions to any broker, dealer or other person (other than the Depositary and the Information Agent as described in the Offer to Purchase) for soliciting tenders of Shares pursuant to the Offer. Purchaser will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients. Purchaser will pay or cause to be paid any stock transfer taxes payable on the transfer of Shares to it, except as otherwise provided in Instruction 6 to the Letter of Transmittal.

Any inquiries you may have with respect to the Offer should be addressed to MacKenzie Partners, Inc. (the "Information Agent"), 156 Fifth Avenue, New York, New York 10010.

Requests for copies of the enclosed materials may be directed to the Information Agent at the above address and telephone number.

Very truly yours,
MacKenzie Partners, Inc.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF PARENT, PURCHASER, THE DEPOSITARY, THE INFORMATION AGENT OR ANY AFFILIATE OF ANY OF THE FOREGOING, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENT OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

OFFER TO PURCHASE FOR CASH
ANY AND ALL OUTSTANDING SHARES OF COMMON STOCK
of

DIGITAL LINK CORPORATION

at
$10.30 NET PER SHARE
by
DLZ CORP.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT,
NEW YORK CITY TIME, ON OCTOBER 15, 1999, UNLESS THE OFFER IS EXTENDED.

September 10, 1999

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated September 10, 1999 (the "Offer to Purchase"), and the related Letter of Transmittal (which, as amended or supplemented from time to time, together constitute the "Offer") relating to an offer by DLZ Corp., a California corporation ("Purchaser"), to purchase any and all outstanding shares of Common Stock, no par value per share (the "Shares"), of Digital Link Corporation, a California corporation (the "Company"), at a purchase price of $10.30 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer.

This material is being forwarded to you as the beneficial owner of Shares carried by us in your account but not registered in your name.

A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

Accordingly, we request instructions as to whether you wish to tender any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer to Purchase.

Please note the following:

1. The tender price is $10.30 per Share, net to the seller in cash, without interest thereon.

2. The Offer is being made for any and all of the outstanding Shares.

3. The Offer and withdrawal rights will expire at 12:00 midnight, New

York City time, on October 15, 1999, unless the Offer is extended.

4. THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, (I) THERE HAVING BEEN VALIDLY TENDERED, AND NOT PROPERLY WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES WHICH, TOGETHER WITH THE 4,034,687 SHARES BENEFICIALLY OWNED BY PURCHASER AND THE GUPTA INVESTORS (AS DEFINED IN THE OFFER TO PURCHASE) ON THE DATE OF PURCHASE, WOULD CONSTITUTE NOT LESS THAN 90% OF THE OUTSTANDING SHARES ON THE DATE OF PURCHASE (THE "MINIMUM CONDITION"), AND (II) THE SATISFACTION OF CERTAIN OTHER TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE.

5. The Offer is being made pursuant to the Agreement and Plan of Merger dated as of September 3, 1999 (the "Merger Agreement"), between Purchaser and the Company. Under the terms of the Merger Agreement, if the Minimum Condition is satisfied, following the purchase of Shares pursuant to the Offer and the satisfaction of other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the California General Corporation Law, Purchaser will be merged with and into the Company, with the Company surviving the Merger.

6. The Board acting on the unanimous recommendation of a special committee of independent directors not affiliated with the Purchaser has approved and adopted the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger, has determined that the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger are fair and in the best interests of the Company and the shareholders of the Company, and recommends acceptance of the offer by the shareholders of the Company.

7. Tendering shareholders will not be obligated to pay brokerage fees or commissions or, except as set forth in the Letter of Transmittal, stock transfer taxes on the transfer of Shares pursuant to the Offer.

The Offer is made solely pursuant to the Offer to Purchase and the related Letter of Transmittal and any supplements or amendments thereto. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares residing in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities laws of such jurisdiction.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing, detaching and returning to us the instruction form contained in this letter. An envelope to return your instruction to us is enclosed. If you authorize tender of your Shares, all such Shares will be tendered unless otherwise indicated in such instruction form. PLEASE FORWARD YOUR INSTRUCTIONS TO US AS SOON AS POSSIBLE TO ALLOW US AMPLE TIME TO TENDER YOUR SHARES ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

INSTRUCTIONS WITH RESPECT TO THE
OFFER TO PURCHASE FOR CASH
ANY AND ALL OUTSTANDING SHARES OF COMMON STOCK
of

DIGITAL LINK CORPORATION

by
DLZ CORP.

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated September 10, 1999 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer") in connection with the offer by DLZ Corp., a California corporation ("Purchaser"), to purchase any and all outstanding shares of Common Stock, no par value per share (the "Shares"), of Digital Link Corporation, a California corporation.

This will instruct you to tender to Purchaser the number of Shares indicated below (or if no number is indicated below, all Shares) which are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase.

Number of Shares to be Tendered:* _____

SIGN HERE

Signature(s)

Account Number:

Date:
---, 1999

(Print Name(s))

(Print Address(es))

(Area Code and Telephone Number(s))

(Taxpayer Identification or Social Security Number(s))

* Unless otherwise indicated, it will be assumed that all of your Shares held

by us for your account are to be tendered.

THIS FORM MUST BE RETURNED TO THE BROKERAGE FIRM MAINTAINING YOUR ACCOUNT.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER--Social Security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the Payer.

<TABLE>
<CAPTION>

FOR THIS TYPE OF ACCOUNT:	GIVE THE NAME AND SOCIAL SECURITY NUMBER OF--
<C> <S> 1. Individual	<C> The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Husband and wife (joint account)	The actual owner of the account, or, if joint funds, either person(1)
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
5. Adult and minor (joint account)	The adult, or, if the minor is the only contributor, the minor(1)
6. Account in the name of guardian or committee for a designated ward, minor or incompetent person	The ward, minor, or incompetent person(3)
7. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee(1)

	b. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
8.	Sole proprietorship	The owner(4)

<CAPTION>

FOR THIS TYPE OF ACCOUNT:		GIVE THE NAME AND EMPLOYER IDENTIFICATION NUMBER OF--
<C>	<S>	<C>
9.	A valid trust, estate or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(5)
10.	Corporate	The corporation
11.	Religious, charitable or education organization	The organization
12.	Partnership account held in the name of the business	The partnership
13.	Association, club or other tax-exempt organization	The organization
14.	A broker or registered nominee	The broker or nominee
15.	Account with the Department of Agriculture in the name of a public entity (such as a State or local	The public entity

governmental, school
district, or prison)
that receives
agricultural program
payments
<CAPTION>

</TABLE>

(1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a Social Security Number, that person's number must be furnished.

(2) Circle the minor's name and furnish the minor's social security number.

(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.

(4) Show the name of the owner.

(5) List first and circle the name of the legal trust, estate or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER OF SUBSTITUTE FORM W-9
PAGE 2

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Card, or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), or Form W-7 for Individual Taxpayer Identification Number (for alien individuals required to file U.S. tax returns), at an office of the Social Security Administration or the Internal Revenue Service.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- A corporation.

- A financial institution.

- An organization exempt from tax under Section 501(a) or an individual retirement plan.

- The United States or any agency or instrumentality thereof.

- A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.

- An international organization or any agency, or instrumentality thereof.

- A registered dealer in securities or commodities registered in the United States or a possession of the United States.

- A real estate investment trust.

- A common trust fund operated by a bank under Section 584(a).

- An exempt charitable remainder trust, or a non-exempt trust described in Section 4947(a)(1).

- An entity registered at all times during the tax year under the Investment Company Act of 1940.

- A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.

- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least on nonresident alien partner.

- Payments of patronage dividends where the amount received is not paid in money.

- Payments made by certain foreign organizations.

- Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals.

NOTE: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

- Payments of tax-exempt interest (including exempt-interest dividends under Section 852).

- Payments described in section 6049(b)(5) to non-resident aliens.

- Payments on tax-free covenant bonds under section 1451.

- Payments made by certain foreign organizations.

- Mortgage interest paid to you.

- Payments made to a nominee.

Exempt payees described above should file a Substitute Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST, DIVIDENDS OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest, dividends and patronage dividends that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under Sections 6041, 6041 A(a), 6045 and 6050A.

PRIVACY ACT NOTICE.--Section 6109 requires most recipients of dividend, interest or other payments to give taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 31% of taxable interest, dividend and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.--If you fail to furnish your correct taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) FAILURE TO REPORT CERTAIN DIVIDEND AND INTEREST PAYMENTS.--If you fail to include any portion of an includible payment for interest, dividends or patronage dividends in gross income, such failure will be treated as being due to negligence and will be subject to a penalty of 5% on any portion of an underpayment attributable to that failure unless there is clear and convincing evidence to the contrary.

(3) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(4) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.--Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

Contact: Larry Dennedy, MacKenzie Partners, Inc. (212) 929-5239

DIGITAL LINK AND DIGITAL LINK FOUNDER EXECUTE MERGER AGREEMENT TO CASH OUT PUBLIC SHAREHOLDERS AT $10.30 PER SHARE

SUNNYVALE, CA (September 3, 1999) - Digital Link Corporation (Nasdaq: DLNK) and DLZ Corp., a corporation formed by Vinita Gupta, the founder, chief executive officer and holder of approximately 50% of the outstanding shares of Digital Link, announced that they have executed a definitive merger agreement. Under the terms of the merger agreement, DLZ will commence a tender offer for all outstanding shares of the Digital Link common stock not owned by DLZ for $10.30 per share in cash.

The tender offer will commence on September 10, 1999 and will be scheduled to expire at 12:00 midnight New York City time on October 15, 1999. The merger and the tender offer are subject to certain conditions including a minimum condition in the tender offer that DLZ own an aggregate of 90% of the outstanding stock following the tender offer.

The merger agreement was negotiated on behalf of Digital Link by a special committee of the Board of Directors composed of directors not affiliated with DLZ. The special committee's financial adviser, Dain Rauscher Wessels, provided a fairness opinion to the special committee concerning the $10.30 cash consideration. DLZ's financial adviser, Sutter Securities Incorporated, also rendered a fairness opinion for delivery to the special committee and board of directors. MacKenzie Partners, Inc. will be the Information Agent for the Tender Offer.

Digital Link Corporation is a leading provider of high-performance, cost-effective, digital network access products for both narrowband and broadband applications. The company offers access solutions that increase the level of intelligence at the demarcation point where LANs and WANs meet. These products are used by Internet service providers and carriers as infrastructure equipment, and by enterprises for connectivity to WAN services. Digital Link is headquartered in Sunnyvale, Calif., and offers its products worldwide. Additional information is available at Digital Link's website: http://www.dl.com.

THIS ANNOUNCEMENT IS NEITHER AN OFFER TO PURCHASE NOR A SOLICITATION OF AN OFFER TO SELL SHARES. THE OFFER IS MADE SOLELY BY THE OFFER TO PURCHASE DATED SEPTEMBER 10, 1999 AND THE RELATED LETTER OF TRANSMITTAL, AND ANY AMENDMENTS OR SUPPLEMENTS THERETO, AND IS BEING MADE TO ALL HOLDERS OF SHARES. PURCHASER IS NOT AWARE OF ANY STATE WHERE THE MAKING OF THE OFFER IS PROHIBITED BY ADMINISTRATIVE OR JUDICIAL ACTION PURSUANT TO ANY VALID STATE STATUTE. IF PURCHASER BECOMES AWARE OF ANY VALID STATE STATUTE PROHIBITING THE MAKING OF THE OFFER OR THE ACCEPTANCE OF SHARES PURSUANT THERETO, PURCHASER WILL MAKE A GOOD FAITH EFFORT TO COMPLY WITH SUCH STATE STATUTE. IF, AFTER SUCH GOOD FAITH EFFORT, PURCHASER CANNOT COMPLY WITH SUCH STATE STATUTE, THE OFFER WILL NOT BE MADE TO (NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF) THE HOLDERS OF SHARES IN SUCH STATE. IN ANY JURISDICTION WHERE THE SECURITIES, BLUE SKY OR OTHER LAWS REQUIRE THE OFFER TO BE MADE BY A LICENSED BROKER OR DEALER, THE OFFER SHALL BE DEEMED TO BE MADE ON BEHALF OF PURCHASER BY OR ONE OR MORE REGISTERED BROKERS OR DEALERS LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

NOTICE OF OFFER TO PURCHASE FOR CASH
ANY AND ALL OUTSTANDING SHARES OF COMMON STOCK
OF
DIGITAL LINK CORPORATION
AT
$10.30 NET PER SHARE IN CASH
BY
DLZ CORP.

DLZ Corp., a California corporation ("Purchaser"), hereby offers to purchase any and all shares (the "Shares") of common stock, no par value, of Digital Link Corporation, a California corporation (the "Company"), at a price of $10.30 per Share, net to the seller in cash, without interest thereon (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase (the "Offer to Purchase") and in the related Letter of Transmittal (the "Letter of Transmittal," as amended from time to time, and the Offer to Purchase, as it may be amended from time to time, together constitute the "Offer"). All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Offer to Purchase.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON OCTOBER 15, 1999, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES WHICH, TOGETHER WITH THE 4,054,687 SHARES (NOT INCLUDING SHARES ISSUABLE UPON EXERCISE OF ANY OUTSTANDING OPTIONS) BENEFICIALLY OWNED BY PURCHASER AND THE GUPTA FAMILY (AS DEFINED BELOW) ON THE DATE OF PURCHASE,

WOULD CONSTITUTE NOT LESS THAN 90% OF THE OUTSTANDING SHARES ON THE DATE OF PURCHASE (THE "MINIMUM CONDITION"). THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS WHICH ARE CONTAINED IN THE OFFER TO PURCHASE.

The Board of Directors of the Company acting on the unanimous recommendation of a special committee not affiliated with Purchaser has approved and adopted the Agreement and Plan of Merger dated as of September 3, 1999 (the "Merger Agreement"), between Purchaser and the Company and the transactions contemplated thereby including the Offer and the Merger, has determined that the Merger Agreement and the transactions contemplated thereby including the Offer and the Merger are fair and in the best interests of the Company and the shareholders of the Company, and recommends acceptance of the Offer by shareholders of the Company.

The Offer is being made pursuant to the Merger Agreement. Under the terms of the Merger Agreement, if the Minimum Condition is satisfied, following the purchase of Shares pursuant to the Offer and the satisfaction of other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the California General Corporation Law (the "CGCL"), Purchaser will be merged with and into the Company (the "Merger"), with the Company (the "Surviving Corporation") surviving the Merger. At the effective time of the Merger (the "Effective Time"), each outstanding Share (other than Shares held by shareholders who properly exercise their appraisal rights in accordance with the CGCL (the "Dissenting Shares") and Shares beneficially owned by Purchaser) will be converted, by virtue of the Merger and without any action on the part of the Company, into the right to receive the Offer Price in cash (the "Merger Consideration"), without interest thereon. The Merger is subject to a number of conditions as described in the Offer to Purchase. If the Minimum Condition is not satisfied, the Offer will be withdrawn without the purchase of any Shares, Purchaser and the Gupta Family will dispose of that number of Shares necessary to reduce their beneficial ownership below 50% of the outstanding Shares and the Merger will be accomplished by a long-form merger, which will require a proxy solicitation, a special meeting of shareholders and the affirmative vote of a majority of the outstanding Shares. A significantly longer period of time will be required to effect a long-form merger than the Offer and the short-form merger. By virtue of their Share ownership, Purchaser and Vinita Gupta and her husband, Narendra K. Gupta, as trustees for the Narendra and Vinita Gupta Living Trust, and the Narendra K. and Vinita Gupta Charitable Foundation, and Vinita Gupta, Narendra K. Gupta and Kalyn Dutta, as trustees of the Gupta Children's Trust Agreement, and Vinita Gupta, as custodian for each of her two minor children (all of the foregoing persons in such capacities, collectively the "Gupta Family") may effectively have the ability to assure the approval of the Merger.

For purposes of the Offer, Purchaser will be deemed to have accepted for payment (and thereby purchased) Shares validly tendered and not properly withdrawn as, if and when Purchaser gives oral or written notice to the Harris Trust Company of New York (the "Depositary") of Purchaser's acceptance for payment of such Shares pursuant to the Offer. Upon the terms and subject to the conditions of the Offer, payment for Shares accepted for payment

pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payments from Purchaser and transmitting such payments to tendering shareholders whose Shares have been accepted for payment. Under no circumstances will interest on the purchase price for Shares be paid, regardless of any delay in making such payment. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) the certificates evidencing such Shares (the "Share Certificates") or timely confirmation (a "Book-Entry Confirmation") of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase) pursuant to the procedures set forth in "The Tender Offer--Section 3. Procedure for Tendering Shares" of the Offer to Purchase, (ii) the Letter of Transmittal (or a manually signed facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message (as defined below) in connection with a book-entry transfer, and (iii) any other documents required under the Letter of Transmittal. The term "Agent's Message" means a message transmitted by a Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares that are the subject of such Book-Entry Confirmation that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that Purchaser may enforce such agreement against such participant.

Subject to the terms and conditions of the Offer and the applicable rules and regulations of the Securities and Exchange Commission, Purchaser also expressly reserves the right, in its sole discretion, at any time and from time to time, (i) to delay acceptance for payment of, or, regardless of whether such Shares were theretofore accepted for payment, payment for any Shares pending receipt of any regulatory approval specified in "The Tender Offer--Section 12. Certain Regulatory and Legal Matters," of the Offer to Purchase, (ii) to terminate the Offer and not accept for payment any Shares upon the occurrence of any of the conditions specified in "The Tender Offer--Section 11. Certain Conditions of the Offer" of the Offer to Purchase and (iii) to waive any condition or otherwise amend the Offer in any respect, by giving oral or written notice of such delay, termination, waiver or amendment to the Depositary and by making a public announcement thereof, provided, however, that Purchaser may not waive the Minimum Condition without the prior written consent of the Company. Purchaser acknowledges that (i) Rule 14e-l(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires Purchaser to pay the consideration offered or to return the Shares tendered promptly after the termination or withdrawal of the Offer and (ii) Purchaser may not delay acceptance for payment of, or payment for (except as provided in clause (i) of the first sentence of this paragraph), any Shares upon the occurrence of any of the conditions specified in "The Tender Offer--Section 11. Certain Conditions of the Offer" of the Offer to Purchase without extending the period of time during which the Offer is open.

Tenders of Shares made pursuant to the Offer are irrevocable except that such Shares may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by Purchaser pursuant to the Offer, may also be withdrawn at any time after November 8, 1999. If Purchaser extends the Offer, is delayed in its acceptance for payment of Shares or is unable to accept Shares for payment pursuant to the Offer for any reason, then, without prejudice to Purchaser's rights under the Offer, the Depositary may, nevertheless, on behalf of Purchaser, retain tendered Shares, and such Shares may not be withdrawn except to the extent that tendering shareholders are entitled to withdrawal rights as described in "The Tender Offer--Section 4. Withdrawal Rights" of the Offer to Purchase. Any such delay will be by an extension of the Offer to the extent required by applicable rules and regulations.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover page of the Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of such Shares, if different from that of the person who tendered such Shares. If certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution, unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedures for book-entry transfer as set forth in "The Tender Offer--Section 3. Procedure for Tendering Shares," of the Offer to Purchase, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares.

The information required to be disclosed by Rule 14d-6(e)(1)(vii) of the General Rules and Regulations under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

The Company is providing Purchaser with the Company's shareholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares whose names appear on the Company's stockholder list and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

Questions and requests for assistance or for copies of the Offer to

Purchase and the related Letter of Transmittal, and other Offer materials, may be directed to the Information Agent as set forth below, and copies will be furnished promptly at Purchaser's expense. No fees or commissions will be paid to brokers, dealers or other persons for soliciting tenders of Shares pursuant to the Offer.

THE INFORMATION AGENT FOR THE OFFER IS:

[MacKenzie logo]

156 Fifth Avenue
New York, New York 10010
Banks and Brokers Call Collect (212) 929-5500
ALL OTHERS CALL TOLL-FREE (800) 322-2885

September 10, 1999

[LETTERHEAD]

September 9, 1999

Vinita Gupta
Chief Executive Officer
DLZ Corp.
217 Humboldt Court
Sunnyvale, CA 94089

Dear Vinita,

Comerica Bank-California ("Bank") is pleased to commit the following to DLZ Corp. ("Borrower").

FACILITY #1

TYPE/AMOUNT:	$4,000,000 revolving accounts receivable line of credit including a within line facility for letters of credit up to $1,000,000.
PURPOSE:	For short term operating needs and for letters of credit.
ADVANCE:	Including letters of credit the availability on the line of credit is the lesser of the commitment amount or 80% of eligible receivables plus $500,000. Ineligible accounts are contra, foreign not covered by a letter of credit acceptable to the Bank or credit insurance, affiliated, employee, consignment, C.O.D., over 90 day accounts, all accounts from companies which have more than 25% of its accounts over 90 days past due as well as account concentrations in excess of 20% of the total. Concentration and foreign receivables exceptions may be considered with approval by bank on a case by case basis. Foreign receivables may be up to $500,000 of the borrowing base. Foreign receivables to be insured within 90 days of funding. Bell Canada may be considered as an eligible receivable. Borrower is keep a minimum of $2 million of availability reserve on the revolving line of credit borrowing base, which reserve will reduce by the disbursements made by Borrower for employees exercising stock options.
PRICING:	Prime rate plus 1%. .375% p.a. up front commitment fee. ($15,000)
REPAYMENT:	Interest is to be paid monthly. Principal is limited to the borrowing base and is due at maturity.

EXPIRATION: 364 day facility from date of closing but not to exceed September 30, 2000. Documentary and Standby Letters of Credit are not to expire after the line expiration.

SECURITY: Perfected first security interest in accounts receivable, inventory, unencumbered fixed assets and intellectual property. Borrower is not to allow a second lien to exist on any corporate asset.

GUARANTEE: Partial guarantee covering all Bank debt of principal owner (Vinita Gupta) of $2,000,000 to be released when Borrower meets the maximum 2.0 Total Liabilities to Tangible Net Worth covenant and is in compliance with all other terms and conditions of the agreement.

FACILITY #2
TYPE/AMOUNT: $7,000,000 term loan for the funding of the Management Buyout of Digital Link Corporation.

PURPOSE: To finance repurchase of Borrower's shares or to refinance loans to repurchase Borrower's shares.

PRICING: Prime rate plus 1.5%
1% up front fee on commitment amount ($70,000).

REPAYMENT:

a) Advance is to be made upon the buyout and is to be repaid in 48 equal monthly principal payments with interest added.

b) Cash Flow Recapture: Beginning with the quarter ending 12/31/99, recapture 25% of quarterly cash flow (NPAT+Depreciation+Amortization) within 45 days of quarter end, to be applied to principal reduction.

c) Additional Capital Recapture: 25% of the new subordinated debt or equity raised, at Bank's option.

SECURITY: First lien position on all of Borrower's assets. Facility #2 is to be cross collateralized and cross defaulted to Facility #1.

EXPENSES: Reasonable out of pocket, legal, document preparation, filing expenses etc. for all Bank facilities are for the account of the Borrower.

INSURANCE: Borrower shall provide general liability and hazard insurance in the amount of all Bank debt with the Bank named as loss payee.

SUBJECT TO:

* Satisfactory Bank Accounts Receivable and Inventory audit of Digital Link Corporation.

- Satisfactory completion of Bank's Y2K Assessment
- Merger between Digital Link Corporation and DLZ Corp., the newly formed corporation by management to acquire Digital Link, has become effective.
- Financial statement from the guarantor indicating sufficient liquidity
- Company prepared opening financial statement and compliance certificate indicating Borrower is in compliance with financial covenants
- Guptas are to put $2 million of subordinated debt into the merged company at closing.

OTHER CONDITIONS:

This credit facility will be governed by a loan agreement that will include but will not be limited to the following:

1) Borrower is to maintain the following financial covenants at all times:
   a) Minimum monthly quick ratio of 0.30; increasing to 0.50 at 9/30/00.
   b) Maximum monthly total liabilities to tangible net worth of 2.0 starting 9/30/00.
   c) Minimum monthly tangible net worth of $1 at closing, increase to $500,000 on 12/31/99 and $1,000,000 on 9/30/00 and thereafter; TNW to increase by 40% of quarterly net income after tax beginning 10/1/00, and 90% of any new equity or subordinated debt raised minus any capital recaptured. (The $2 million Gupta subordinated debt is to be subordinated on bank form in a manner satisfactory to Bank and will be counted as equity for Bank ratio calculation purposes).
   d) Maximum funded debt to EBITDA (rolling three quarters) of 3.0 till 9/30/00.
   e) Minimum cash flow (rolling three quarters) of 1.50. CF=(NPAT+Depreciation+Amortization/Current portion of long term debt (CPLTD))

2) Borrower to provide Bank with:
   a) Monthly financial statements within 30 days of month end.
   b) Annual unqualified CPA audited financial statements with 120 days of FYE.
   c) Monthly accounts receivable and payable agings within 15 days of month end.
   d) Monthly borrowing base certificate within 15 days of month end.
   e) Monthly covenant compliance certificate within 15 days of month end.
   f) Budgets, projections or other financial exhibits which Bank may reasonably request.

3) Without Bank's prior written approval, Borrower will not:
   a) Pledge assets other than to the Bank except for purchase money (lease) transactions.
   b) Enter into any other direct borrowings, lend money (except for non-cash employee stock loans not to exceed $250,000) or enter into guarantees (except for Borrower's foreign subsidiaries which are not to exceed $500,000 on a cumulative basis).
   c) Enter into any merger or acquisition.
   d) Repurchase stock or declare or pay cash dividends.
   e) Make capital expenditures or finance equipment in excess of $2,500,000 per fiscal year.

4) Bank will have the right to audit the Borrower's financial records. Audit costs are for the account of the Borrower.

5) Borrower is to provide evidence of full risk insurance covering all assets pledged to the Bank and loss payable endorsement naming Bank as loss payee.

6) There shall be a cross default provision between this credit and any existing or future credit arrangements.

7) Borrower is to reimburse bank for legal fees, document preparation, out of pocket costs, filing fees and reasonable expenses related are for the account of the Borrower.

8) Borrower is to maintain its primary depository accounts and treasury management services with the Bank.

9) Any Commitment by Bank will be subject to Borrower's demonstration to the satisfaction of Bank that Borrower has taken and is taking all necessary and appropriate steps to ensure the Borrower, its businesses, and its material customers, suppliers and vendors are year 2000 Compliant in a timely manner.

If the above commitment is acceptable please sign, date and return this commitment letter along with a good faith deposit of $10,000 by September 20, 1999 at which time this commitment will expire. The remainder of the commitment fees will be due at closing. We are pleased to offer these credit facilities and to assist Digital Link Corporation in its growth plans. We anticipate a long term relationship of providing financial solutions to you in the future. If the commitment is accepted, it shall remain effective until December 15, 1999.

Sincerely,

/s/ Alan Jepsen

Alan Jepsen
Vice President and Assistant Manager
Comerica Bank - California
High Technology Division

Agreed to and accepted by:

/s/ Naresh Kapahi

Naresh Kapahi
Chief Financial Officer
Digital Link Corporation

[LETTERHEAD]

September 9, 1999

Vinita Gupta
Chief Executive Officer
DLZ Corp
217 Humboldt Court
Sunnyvale, CA 94089

Dear Vinita,

Comerica Bank - California ("Bank") is pleased to commit to DLZ Corp. ("Borrower") the following amended credit facility which supersedes the letter dated September 1, 1999:

BORROWER:	DLZ Corp. (Corporation to be formed by management for the purpose of the Management Buyout of Digital Link Corporation)
TYPE/AMOUNT:	$43,000,000 bridge loan.
PURPOSE:	For purchases of Digital Link Corporation stock related to the Management Buyout.
ADVANCE:	Not to exceed 100% of liquid cash assets of Digital Link Corporation and Bank's commitment for long term funding to Borrower after the merger.
PRICING:	Prime rate $90,000 flat commitment fee.
REPAYMENT:	Approximately $36 million of the principal is to be repaid at closing but not later than two weeks after submission of the merger certificate. The difference of approximately $7 million will be the funded post-merger financing provided by Bank. Digital Link Corporation will have unencumbered cash, cash equivalents or marketable securities with a market value of not less than $35 million, held at an institution acceptable to Bank in its discretion and available to be used for repayment.
EXPIRATION:	This loan is to be repaid upon the closing of the merger between DLZ Corp. and Digital Link Corporation but not later than two weeks after

the submission of the merger certificate. Bank's commitment to fund the transaction expires December 15, 1999.

SECURITY: Pledge of the tendered shares and those owned by the Guptas (which shall constitute a sufficient quantity of Digital Link Corporation shares to effect the merger) and subject to compliance with Regulation U of the Federal Reserve Board. Blanket filing (first lien position) on all assets of Borrower.

SUPPORT: Put agreement executed by Vinita Gupta to purchase 100% of Bank's note in this transaction.

ESCROW: Escrow agreement to be satisfactory to Bank and Borrower. Escrow is to be at the Trust Department at Comerica Bank to coordinate timing of payments, hold shares pledged by Guptas and shares acquired via a tender offer, oversee filings, coordinate the $2 million subordinated debt by Guptas, oversee execution of merger certificate, solvency certificate, opinion of borrower's counsel, and loan agreements and other documents as needed to the satisfaction of Bank and Borrower.

OTHER CONDITIONS:
This credit facility will be governed by a loan agreement that will include but will not be limited to the following conditions prior to and immediately after funding:

1) The Merger Agreement between Digital Link Corporation and DLZ Corp. is to contain language satisfactory to Bank that Digital Link Corporation will cooperate in consummating the merger and comply with all merged company obligations. Bank funding is conditioned upon evidence of a sufficient number of shares of Digital Link Corporation being tendered and/or voted via proxy to support the going private transaction (Sufficient shares under either the short form or long form merger).

2) Proceeds of this loan are to be paid to the escrow and immediately be applied to the purchase of Digital Link Corporation stock (either tendered or voted via proxy) not owned by the Guptas.

3) DLZ Corp. is required to open an escrow at the Trust Department at Comerica Bank. The escrow is to act as an independent agent in coordinating documentation, payments, notifications and other documents necessary to close the merger and repay this note as noted above.

4) Financial exhibits that Bank may reasonably request of DLZ Corp. and Vinita Gupta.

5) Borrower is to reimburse bank for legal fees, document preparation, out of pocket costs, filing fees, escrow fees etc. and reasonable expenses.

6) Without Bank's prior written approval, Borrower will not:
   a) Pledge assets other than to the Bank.
   b) Enter into any other direct borrowings, lend money or enter into guarantees.
   c) Enter into any merger or acquisition other than with Digital Link Corporation.

Comerica Bank - California is pleased to present this commitment and assist in your financing requirements. We hope to be able to assist in this transaction and build a relationship for your future financial needs. If this commitment is satisfactory to you please acknowledge your acceptance by signing, dating and returning this commitment letter along with a good faith deposit of $10,000 by September 20, 1999 at which time this commitment expires. The remainder of the fee would be due at closing. If the commitment is accepted, the ability fund shall remain effective until December 15, 1999.

Sincerely,

/s/ Alan Jepsen

Alan Jepsen
Vice President and Assistant Group Manager
High Technology Group

Accepted and Acknowledged by:

/s/ Vinita Gupta

Vinita Gupta
Chief Executive Officer
DLZ Corp.

Exhibit 99(c)(1)

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "AGREEMENT"), dated September 3, 1999, by and between DLZ Corp., a California corporation ("PURCHASER"), and Digital Link Corporation, a California corporation (the "COMPANY").

WHEREAS, pursuant to this Agreement, Purchaser will commence a tender offer to purchase all outstanding shares (the "SHARES") of common stock, no par value, of the Company (the "COMPANY COMMON STOCK"), at a price of $10.30 per Share, net to the seller in cash, without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase (the "OFFER TO PURCHASE") of Purchaser and the related Letter of Transmittal (collectively, the "OFFER"), which will be filed as exhibits to each of (a) the Tender Offer Statement on Schedule 14D-1 filed by Purchaser (together with all supplements or amendments thereto, the "SCHEDULE 14D-1") and (b) the Transaction Statement on Schedule 13E-3 filed by Purchaser (together with all supplements or amendments thereto, the "SCHEDULE 13E-3") in respect of the Offer to be filed by Purchaser with the Securities and Exchange Commission (the "SEC");

WHEREAS, each of the Board of Directors of the Company (the "COMPANY BOARD") and a special committee of the Company Board consisting of the disinterested directors of the Company Board, none of whom is affiliated with Purchaser (the "SPECIAL COMMITTEE"), has (i) determined that the consideration to be paid for each Share in the Offer and in the Merger (as defined) is fair and in the best interests of the shareholders of the Company, (ii) approved this Agreement and the transactions contemplated hereby and (iii) resolved to recommend acceptance of the Offer and the Merger and approval of this Agreement by such shareholders;

WHEREAS, the sole director of Purchaser and the sole shareholder of Purchaser have each approved the Offer and the subsequent merger of Purchaser with the Company in accordance with the terms of this Agreement and the California General Corporation Law (the "CGCL").

NOW, THEREFORE, in consideration of the representations, warranties and agreements herein contained, and subject to the terms and conditions herein contained, the parties hereto hereby agree as follows:

ARTICLE I.
DEFINITIONS

1.1 DEFINITIONS. For purposes of this Agreement and in addition to any and all definitions and interpretations otherwise provided throughout this Agreement, the following terms shall have the meanings set forth below. Any of such terms, unless the context otherwise requires, may be used in the singular or plural, depending on reference.

"Articles of Incorporation" shall mean the Articles of Incorporation of the Company.

"California Agreement of Merger" shall have the meaning set forth in Section 3.2.

"Certificate" or "Certificates" shall mean the certificates that, immediately prior to the Effective Time, represent issued and outstanding Shares.

"Closing" shall have the meaning set forth in Section 9.1.

"Closing Date" shall mean the date on which the Closing occurs.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Constituent Corporations" shall mean Purchaser and the Company.

"Director" shall mean a member of the Company Board as of the date hereof.

"Dissenting Shares" shall mean Shares that are not voted in favor of the approval and adoption of the Merger and with respect to which appraisal rights are demanded and perfected in accordance with Section 1300 of the CGCL and not withdrawn.

"Dissenting Shareholders" shall mean the shareholders of the Company who hold Dissenting Shares.

"Effective Time" shall have the meaning set forth in Section 3.2.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Expiration Date" shall mean the scheduled expiration date and the time the Offer is, from time to time, set to expire.

"Funds" shall have the meaning set forth in Section 4.2.1.

"HSR Act" means the Hart-Scott-Rodino" Antitrust Improvements Act of 1976.

"Indemnified Parties" shall mean each present and former director of the Company.

"Material Adverse Effect" shall mean a material adverse effect on the business, assets, financial condition or results of operation of the Company or on the ability of the Company or Purchaser to consummate the transactions contemplated by this Agreement, or any event or events which, individually or in the aggregate, constitute or, with the passage of time, would constitute a Material Adverse Effect; provided, however, that there shall not be deemed a material adverse effect on the ability of Purchaser to consummate the transactions contemplated by this Agreement if such material adverse effect is caused by the action or inaction of Purchaser or Purchaser's affiliates and there shall not be deemed to be a material adverse effect on the business, assets, financial condition results of operations of the Company or on the ability of the Company to consummate the transactions contemplated by Agreement if such effect is proximately caused by breach of Section 7.8.

"Merger" shall have the meaning set forth in Section 3.1.

"Merger Consideration" shall have the meaning set forth in Section 4.1.1.

"Offer Conditions" shall have the meaning set forth in Section 2.1.1.

"Offer Documents" shall mean the documents pursuant to which the Offer will be made, including all materials required to be transmitted to shareholders pursuant to Regulation 14D-1 and Regulation 13E-3 of the Exchange Act, together with any supplements or amendments thereto.

"Other Filings" shall have the meaning set forth in Section 3.9.

"Paying Agent" shall have the meaning set forth in Section 4.2.1.

"Proxy Statement" shall mean any proxy statement distributed to the Company's shareholders in connection with the Merger, including any amendments or supplements thereto.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Staff" shall mean the employees, representatives and other staff of the SEC.

"Shareholders' Meeting" shall mean any special meeting of the shareholders of the Company held for the purpose of approving and adopting this Agreement, the Merger and the transactions contemplated hereby and thereby.

"Special Committee" shall mean a committee of the Board of Directors composed of all directors of the Company who are not affiliated with Purchaser.

"Surviving Corporation" shall mean the Company after the Merger.

"Transfer Agent" shall mean the transfer agent selected by the Company.

ARTICLE II.
THE TENDER OFFER

2.1 THE OFFER.

2.1.1 TERMS OF OFFER. As promptly as practicable following the execution hereof, Purchaser will file the Schedule 14D-1 and the Offer to Purchase as an exhibit thereto setting forth the terms of the Offer and providing (i) for a purchase price per Share of $10.30 (the "PER SHARE PRICE") (ii) that the initial expiration of the Offer shall be no earlier than 12:00 midnight on October 15, 1999 and (iii) for the consummation of the Offer to be subject only to the conditions (the "OFFER CONDITIONS") set forth on ANNEX A attached hereto. Without the prior written consent of the Company, Purchaser shall not (i) reduce the number of Shares subject to the Offer, (ii) reduce the Per Share Price, (iii) extend the Offer if all of the Offer Conditions have been satisfied or waived, (iv) change the form of consideration payable in the Offer, (v) amend, modify or add to the Offer Conditions, (vi) amend any other term of the Offer in a manner adverse to the holders of the Shares, or (vii) waive the Minimum Condition. Notwithstanding the foregoing, Purchaser may, without the consent of the Company, (A) extend the Offer, if at the scheduled expiration date of the Offer any of the Offer Conditions shall not have been satisfied or waived, until such time as such conditions are satisfied or waived, (B) extend the Offer for any period required by any statute, rule, regulation, interpretation or position of the SEC or any other governmental authority or agency (domestic, foreign or supranational) applicable to the Offer, and (C) extend the Offer on one or more occasions for an aggregate of not more than 20 business days beyond the latest expiration date that would otherwise be permitted under clauses (A) and (B) of this sentence in order to obtain Shares which, together with Shares previously held by Purchaser, constitute at least ninety percent (90%) of the outstanding Shares; provided, however, that (i) Purchaser shall extend the Offer up to twenty business days following its initial expiration upon the prior reasonable request by the Special Committee and (ii) Purchaser shall not extend the offer beyond twenty business days

following its initial expiration without the prior consent of the Special Committee. It is agreed that the conditions set forth in ANNEX A are for the sole benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances giving rise to any such condition (including any action or inaction by Purchaser) or may be waived by Purchaser, in whole or in part at any time and from time to time, in Purchaser's discretion. The failure by Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any reasonable determination by Purchaser with respect to any of the foregoing conditions (including, without limitation, the satisfaction of such conditions) shall be final and binding on the parties. Purchaser will promptly pay for all Shares tendered and not withdrawn pursuant to the Offer as soon as practicable after the expiration of the Offer.

2.1.2 SCHEDULE 14D-1 AND SCHEDULE 13E-3. As promptly as reasonably practicable following execution of this Agreement, Purchaser shall file with the SEC a Schedule 14D-1 and a Schedule 13E-3, which shall reflect the terms of the Offer. The Offer Documents shall comply as to form in all material respects with the requirements of the Exchange Act, and the rules and regulations promulgated thereunder and, on the date filed with the SEC and on the date first published, sent or given to the holders of Shares, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, except that no representation will be made by Purchaser with respect to information supplied by the Company in writing specifically for inclusion in the Offer Documents, and the Offer Documents may contain a disclaimer to such effect. Each of Purchaser and the Company agrees promptly to correct any information supplied by it specifically for inclusion in the Offer Documents if and to the extent that such information shall have become false or misleading in any material respect, and Purchaser further agrees to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. The Company and its counsel shall be given the opportunity to the extent practicable to review and comment upon the Offer Documents and all amendments and supplements to the Offer Documents prior to their filing with the SEC or dissemination to the shareholders of the Company.

2.2 COMPANY ACTION.

2.2.1 APPROVAL OF OFFER. The Company hereby approves of and consents to the Offer and the Merger and represents and warrants that each of the Special Committee and the Company Board, at a meeting duly called and held, has unanimously adopted resolutions (i) determining that this Agreement and the transactions contemplated hereby, including the Offer and the Merger, are fair to, and in the best interests of, the shareholders of the Company, (ii) approving this Agreement and the transactions contemplated hereby, including the Offer and the Merger, in all respects and taking all other action necessary to render any state takeover statutes inapplicable to the Offer, the Merger and the transactions contemplated thereby and (iii) recommending without qualification that the shareholders of the Company accept the Offer, tender their Shares thereunder to Purchaser and approve and adopt this Agreement and the Merger.

2.2.2 [intentionally blank]

2.2.3 FAIRNESS OPINIONS. The Company represents that the Special Committee has received the opinion of Dain Rauscher Wessels (the "Company's Financial Adviser") that the consideration to be received by holders of Shares pursuant to the Offer and the Merger is fair to such holders from a financial point of view, and the Company will provide a copy of such opinion to

Purchaser prior to the filing of the Schedule 14D-1 and the Schedule 13E-3 and any Schedule 14D-9 contemplated thereby. The Company has been authorized by the Company's Financial Adviser to permit, subject to prior review and consent by the Company's Financial Adviser (such consent not to be unreasonably withheld), the inclusion of the fairness opinion (or a reference thereto) in the Offer Documents, the Schedule 14D-9 and the Proxy Statement. In addition, the Company acknowledges receipt from Sutter Securities Incorporated, which has been retained by Purchaser, of an opinion that the Offer and the Merger is fair to the holders of the Shares (other than Purchaser) from a financial point of view pursuant to Section 1203 of the CGCL.

2.2.4 SCHEDULE 14D-9. The Special Committee shall file with the SEC, on the date the Offer Documents are filed with the SEC, a Schedule 14D-9 which contains the recommendations described in Sections 2.2.1, and shall mail the Schedule 14D-9 to the shareholders of the Company. The Schedule 14D-9 shall comply in all material respects with the requirements of the Exchange Act and the rules and regulations promulgated thereunder on the date filed with the SEC and on the date first published, sent or given to the Company's shareholders, and shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by the Company with respect to information supplied in writing by Purchaser specifically for inclusion or incorporation by reference in the Schedule 14D-9, and may contain a disclaimer to such effect. Each of the Company and Purchaser agrees promptly to correct any information provided by it for use in the Schedule 14D-9 if and to the extent that such information shall have become false or misleading in any material respect, and the Company further agrees to take all steps necessary to amend or supplement the Schedule 14D-9 and to cause the Schedule 14D-9 as so amended or supplemented to be filed with the SEC and disseminated to the Company's shareholders, in each case as and to the extent required by applicable federal securities laws. Purchaser and its counsel shall be given the opportunity to the extent practicable to review and comment upon the Schedule 14D-9 and all amendments and supplements thereto prior to their filing with the SEC or dissemination to shareholders of the Company.

2.2.5 MAILING LABELS. In connection with the Offer, the Company shall cause its Transfer Agent to furnish Purchaser promptly with mailing labels containing the names and addresses of the record holders of Shares as of a recent date and of those persons becoming record holders subsequent to such date, together with copies of all lists of shareholders, security position listings and computer files and all other information in the Company's possession or control regarding the beneficial owners of Company Common Stock, and shall furnish to Purchaser such information and assistance (including updated lists of shareholders, security position listings and computer files) as Purchaser may reasonably request in communicating the Offer to the Company's shareholders. Subject to the requirements of applicable law, and except for such steps as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Merger, Purchaser and its agents shall hold in confidence the information contained in any such labels, listings and files, will use such information only in connection with the Offer and the Merger and, if this Agreement shall be terminated, will, upon request, deliver, and will use their best efforts to cause their agents to deliver, to the Company all copies of and any extracts or summaries from such information then in their possessions or control.

ARTICLE III.
THE MERGER

3.1 THE MERGER. Subject to the terms and conditions of this

Agreement, at the Effective Time, Purchaser shall merge (the "MERGER") with and into the Company and the separate

corporate existence of Purchaser shall thereupon cease. The Company shall be the surviving corporation in the Merger and shall be governed by the laws of the State of California, and the separate corporate existence of the Company, with all its rights, privileges, immunities, powers and franchises, of a public as well as of a private nature, shall continue unaffected by the Merger. Purchaser may, upon notice to the Company, modify the structure of the Merger if Purchaser determines it is advisable to do so because of tax or other considerations so long as such modification causes no adverse effect on the transaction from the perspective of the shareholders of the Company other than Purchaser, and the Company shall promptly enter into any amendment to this Agreement necessary or desirable to accomplish such modification. From and after the Effective Time, the Merger shall have the effects specified in the CGCL.

3.2 EFFECTIVE TIME. At the Closing contemplated in Section 9.1, the Company and Purchaser will cause an Agreement of Merger or Certificate of Ownership pursuant to Section 1110 of the CGCL implementing the terms of this Agreement (in either case, the "CALIFORNIA AGREEMENT OF MERGER") to be filed with the Secretary of State of the State of California as provided in the CGCL. The Merger shall become effective as of the date and at the time the California Agreement of Merger is duly filed by the Secretary of State of the State of California (or such later time as may be specified therein), and such time is hereinafter referred to as the "EFFECTIVE TIME."

3.3 ARTICLES OF INCORPORATION. The Articles of Incorporation of the Company as in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Company, until duly amended in accordance with the terms thereof and the CGCL.

3.4 BY-LAWS. The By-Laws of Purchaser as in effect immediately prior to the Effective Time shall be the By-Laws of Surviving Corporation, until duly amended in accordance with the terms thereof and the CGCL.

3.5 DIRECTORS AND OFFICERS. At the Effective Time, the directors of Purchaser immediately prior to the Effective Time shall be the directors of the Surviving Corporation, each of such directors to hold office, subject to the applicable provisions of the Articles of Incorporation and By-Laws of the Surviving Corporation, until their respective successors shall be duly elected or appointed and qualified. The officers of the Company immediately prior to the Effective Time shall be the initial officers of Surviving Corporation, in each case until their resignation or removal or until their respective successors are duly elected or appointed and qualified.

3.6 FURTHER ASSURANCES. If at any time after the Effective Time, Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments or assurances or any other acts or things are necessary, desirable or proper: (a) to vest, perfect or confirm, of record or otherwise, in Surviving Corporation, its right, title or interest in, to or under any of the rights, privileges, powers, franchises, properties or assets of either of the Constituent Corporations, or (b) otherwise to carry out the purposes of this Agreement, the proper officers and directors of Surviving Corporation are hereby authorized on behalf of the respective Constituent Corporations to execute and deliver, in the name and on behalf of the respective Constituent Corporations, all such deeds, bills of sale, assignments and assurances and do, in the name and on behalf of the Constituent Corporations, all such other acts and things necessary, desirable or proper to vest, perfect or confirm its right, title or interest in, to or under any of the rights, privileges, powers, franchises, properties or assets of the Constituent Corporations and otherwise to carry out the purposes of this Agreement.

3.7 PROXY STATEMENT. As soon as practicable after the execution of this Agreement, the Company and Purchaser shall promptly prepare and file a preliminary Proxy Statement with the SEC with respect to the Merger, which Proxy Statement shall include the recommendation of the Special Committee that shareholders of the Company vote in favor of the approval and adoption of this Agreement and the Merger and the other transactions contemplated hereby and thereby and the determination of the Special Committee that this Agreement and the transactions contemplated hereby, including the Offer and the Merger, are fair to, and in the best interests of, the shareholders of the Company. Each of the parties hereto shall notify the other parties hereto promptly of the receipt by it of any comments from the SEC or its Staff and of any request of the SEC for amendments or supplements to the Proxy Statement or for additional information and will supply the other parties hereto with copies of all correspondence between it and its representatives, on the one hand, and the SEC or the members of its Staff or any other governmental officials, on the other hand, and will provide the other parties and their counsel with the opportunity to participate, including by way of discussions with the SEC or its Staff, in the response of such party to such comments, with respect to the Proxy Statement. Subject to the foregoing sentence, the Company shall, after consultation with Purchaser, respond promptly to any comments made by the SEC with respect to the Proxy Statement and any preliminary version thereof. The Company and Purchaser each shall use its reasonable efforts to obtain and furnish the information required to be included in the Proxy Statement. If at any time prior to the time of approval and adoption of this Agreement by the Company's shareholders there shall occur any event that should be set forth in an amendment or supplement to the Proxy Statement, the Company shall promptly prepare and mail to its shareholders such amendment or supplement. The Company shall not mail the Proxy Statement or, except as required by the Exchange Act or the rules and regulations promulgated thereunder, any amendment or supplement thereto, to the Company's shareholders unless the Company has first obtained the consent of Purchaser to such mailing.

3.8 APPROVAL OF MERGER BY SHAREHOLDERS.

3.8.1 SHORT-FORM MERGER. In the event that, pursuant to the Offer, Purchaser purchases Shares that, together with Shares previously held by Purchaser, constitute at least ninety percent (90%) of the outstanding Shares, the parties hereto shall take all necessary and appropriate action to cause the Merger to become effective, in accordance with Section 1110 of the CGCL, as soon as reasonably practicable after such purchase of Shares pursuant to the Offer and satisfaction or waiver of the conditions of Article VIII (other than the conditions in Sections 8.1.4 and 8.1.5), without a meeting of the shareholders of the Company.

3.8.2 SHAREHOLDERS' MEETING. In the event that, pursuant to the Offer, Purchaser does not purchase Shares, the Company shall (i) if requested by Purchaser, duly call, give notice of, convene and hold the Shareholders' Meeting as soon as practicable; and (ii) cause the Proxy Statement to be mailed to its shareholders at the earliest practicable time after responding to all such comments to the satisfaction of the Staff of the SEC and to obtain the necessary approvals by its shareholders of this Agreement.

3.8.3 VOTE OF SHARES BY PURCHASER. At the Shareholders' Meeting or in any written consent in lieu of a meeting, Purchaser and its affiliates will vote all Shares owned by them and will exercise all voting rights or proxies held by them in favor of approval and adoption of this Agreement, the Merger, and the transactions contemplated hereby and thereby.

3.8.4 ACQUISITION TRANSACTIONS. Without limiting the generality of

the foregoing, other than as specifically set forth in Section 3.7, the Company agrees that its obligations

pursuant to this Section 3.8 shall not be affected by either the commencement, public proposal, public disclosure or other communication to the Company by any third party of any offer to acquire some or all of the Shares or all or any substantial portion of the assets of the Company or any change in the recommendation of the Company Board.

3.9 OTHER FILINGS. The Company and Purchaser, as the case may be, shall promptly prepare and file any other filings required under the Exchange Act or any other Federal or state securities or corporate laws relating to the Merger and the transactions contemplated herein (the "OTHER FILINGS"). Each of the parties hereto shall notify the other parties hereto promptly of the receipt by it of any comments from the SEC or its Staff and of any request of the SEC or any other governmental officials with respect to any Other Filings or for additional information and will supply the other parties hereto with copies of all correspondence between it and its representatives, on the one hand, and the SEC or the members of its Staff or any other governmental officials, on the other hand, and will provide the other parties and their counsel with the opportunity to participate, including by way of discussions with the SEC or its Staff, in the response of such party to such comments, with respect to any Other Filings or the Merger. The Company and Purchaser each shall use its reasonable efforts to obtain and furnish the information required to be included in any Other Filings or the Merger.

ARTICLE IV.
CONVERSION OR CANCELLATION OF SHARES; STOCK RIGHTS

4.1 CONVERSION OR CANCELLATION OF SHARES. At the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof:

4.1.1 CONVERSION OF SHARES INTO CASH. Each Share issued and outstanding immediately prior to the Effective Time (other than Shares owned by Purchaser and Shares held by the Dissenting Shareholders) shall be converted into and represent the right to receive, without interest, an amount in cash equal to the greater of $10.30 net or the amount per share which may be paid pursuant to the Offer as it may be amended (the "MERGER Consideration"), payable to the holder thereof, upon surrender of the Certificates. As of the Effective Time, all such Shares shall no longer be outstanding, shall be automatically canceled and shall cease to exist, and each holder of a Certificate which formerly represented any such Shares shall thereafter cease to have any rights with respect to such Shares, except the right to receive the Merger Consideration for such Shares upon the surrender of such Certificate or Certificates in accordance with Section 4.2.

4.1.2 CANCELLATION OF SHARES. Each Share issued and outstanding immediately prior to the Effective Time and owned by Purchaser shall no longer be outstanding, shall be canceled without payment of any consideration therefor and shall cease to exist, and each holder of a Certificate representing any such Shares shall thereafter cease to have any rights with respect to such Shares.

4.1.3 SHARES OF PURCHASER. Each Share of Purchaser issued and outstanding immediately prior to the Effective Time shall be converted into and become one fully-paid and non-assessable share of common stock, no par value, of the Surviving Corporation.

4.2 EXCHANGE OF CERTIFICATES; PAYING AGENT

4.2.1 PAYING AGENT AND FUNDS. Prior to the Closing, Purchaser shall

select a bank or trust company to act as paying agent (the "PAYING AGENT") for the payment of the Merger Consideration specified in Section 4.1 pursuant to irrevocable instructions from Purchaser upon

surrender of Certificates converted into the right to receive cash pursuant to the Merger. Prior to the Effective Time, Purchaser shall make available to the Paying Agent immediately available funds in the amount of the Merger Consideration multiplied by the number of outstanding Shares converted into the right to receive the Merger Consideration (the "FUNDS"), it being understood that any and all interest earned on the Funds shall be paid over to Purchaser by the Paying Agent as Purchaser shall direct. The Funds shall be held as a separate fund and not used for any purpose except as provided herein.

4.2.2 LETTER OF TRANSMITTAL; STOCK CERTIFICATES. Promptly after the Effective Time, the Paying Agent shall mail to each person who was, at the Effective Time, a holder of record of a Certificate or Certificates, other than the Company or any of the Purchaser Entities, a letter of transmittal and instructions for use in effecting the surrender, in exchange for payment in cash therefor, of the Certificates. The letter of transmittal shall specify that delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery to and receipt of such Certificates by the Paying Agent and shall be in such form and have such provisions as Purchaser shall reasonably specify. Upon surrender to the Paying Agent of such Certificates, together with the letter of transmittal, duly executed and completed in accordance with the instructions thereto and such other documents as may be reasonably required by the Paying Agent, the Paying Agent shall promptly pay to the persons entitled thereto, out of the Funds, a check in the amount to which such persons are entitled pursuant to Section 4.1.1, after giving effect to any required tax withholdings, and such Certificate shall forthwith be canceled. No interest will be paid or will accrue on the amount payable upon the surrender of any such Certificates. If payment is to be made to a person other than the registered holder of the Certificates surrendered, it shall be a condition of such payment that the Certificates so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such payment shall pay any transfer or other taxes required by reason of the payment to a person other than the registered holder of the Certificates surrendered or establish to the satisfaction of the Surviving Corporation or the Paying Agent that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 4.2, each Certificate (other than Certificates representing Shares held by Purchaser or by the Dissenting Shareholders) shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the amount of cash, without interest, into which the Shares theretofore represented by such Certificate shall have been converted pursuant to Section 4.1.

4.2.3 TRANSFER OF FUNDS TO PURCHASER. Six months following the Effective Time, the Surviving Corporation shall be entitled to cause the Paying Agent to deliver to it any Funds (including any interest, dividends, earnings or distributions received with respect thereto which shall be paid as directed by Purchaser) made available to the Paying Agent by Purchaser which have not been disbursed, and thereafter holders of Certificates who have not theretofore complied with the instructions for exchanging their Certificates shall be entitled to look only to the Surviving Corporation for payment as general creditors thereof with respect to the cash payable upon due surrender of their Certificates.

4.2.4 FEES OF PAYING AGENT. Except as otherwise provided herein, Purchaser shall pay all charges and expenses, including those of the Paying Agent, in connection with the exchange of the Merger Consideration for Certificates.

4.2.5 ESCHEAT. Notwithstanding anything to the contrary in this Section 4.2, none of the Paying Agent, the Company, the Surviving Corporation or Purchaser shall be liable to a holder of a Certificate formerly representing Shares for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If Certificates are not surrendered prior to two years after the Effective Time (or immediately prior to such earlier date on which any payment pursuant to this Article IV would otherwise escheat or become the property of any

Federal, state or local government agency or authority, court or commission), unclaimed funds payable with respect to such Certificates shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto.

4.3 DISSENTERS' RIGHTS. Notwithstanding the provisions of Section 4.1 or any other provision of this Agreement to the contrary, Dissenting Shares shall not be converted into the right to receive the Merger Consideration at or after the Effective Time, but such Shares shall become the right to receive such consideration as may be determined to be due to holders of Dissenting Shares pursuant to the laws of the State of California, unless and until the holder of such Dissenting Shares withdraws his or her demand for such appraisal in accordance with the CGCL or becomes ineligible for such appraisal. If a holder of Dissenting Shares shall withdraw his or her demand for such appraisal or shall become ineligible for such appraisal (through failure to perfect or otherwise), then, as of the Effective Time or the occurrence of such event, whichever last occurs, such holder's Dissenting Shares shall automatically be converted into and represent the right to receive the Merger Consideration, without interest, as provided in Section 4.1.1 and in accordance with the CGCL. The Company shall give Purchaser (i) prompt notice of any demands for appraisal of Shares received by the Company and (ii) the opportunity to participate in and direct all negotiations and proceedings with respect to any such demands. The Company shall not, without the prior written consent of Purchaser, make any payment with respect to, or settle, offer to settle or otherwise negotiate, any such demands.

4.4 TRANSFER OF SHARES AFTER THE EFFECTIVE TIME. No transfers of Shares shall be made in the stock transfer books of the Surviving Corporation at or after the Effective Time. If, after the Effective Time, Certificates formerly representing Shares are presented to the Surviving Corporation, they shall be canceled and exchanged for the Merger Consideration in accordance with the provisions set forth in Article IV.

4.5 STOCK OPTIONS UNDER 1992 EQUITY PLAN. To the extent permitted under the Company's 1992 Equity Plan, each option granted under such plan shall at the Effective Time become the right to receive, upon surrender of such option, an amount in cash per share subject to such option equal to the amount by which the Merger Consideration exceeds the per share exercise price of such option, such amount to be payable, less an amount equal to all taxes required to be withheld from such payment, if and to the extent that such option "vests" as provided in the option agreement pursuant to which such option was granted.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents, warrants, covenants to Purchaser that:

5.1 AUTHORITY. The Company has full corporate power and authority to execute, deliver and perform this Agreement and to consummate the transactions

contemplated hereby. This Agreement has been duly and validly approved by the Company Board, and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Company Board and, except for the approval of the Merger by the holders of the Shares in accordance as required by the CGCL, no other corporate actions on the part of the Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby, including the acquisition of Shares pursuant to the Offer and the Merger. This Agreement has been duly and validly executed and delivered by the Company and, assuming due

authorization, execution and delivery by Purchaser, constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except to the extent that its enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

5.2 PROXY STATEMENT; OFFER DOCUMENTS. Any Proxy Statement or similar materials distributed to the Company's shareholders in connection with the Merger, including any amendments or supplements thereto, will comply in all material respects with applicable federal securities laws and will not contain any untrue statements of a material fact required to be stated therein or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by the Company with respect to information supplied by Purchaser in writing for inclusion in the Proxy Statement. None of the information supplied by the Company in writing for inclusion in the Offer Documents or provided by the Company in the Schedule 14D-9 will, at the respective times that the Offer Documents and the Schedule 14D-9 or any amendments or supplements thereto are filed with the SEC and are first published or sent or given to holders of Shares, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

5.3 BROKERS AND FINDERS. Neither the Company nor any of its respective officers, directors or employees has employed any broker, finder or investment banker or incurred any liability for any brokerage fees, commissions, finders' fees or investment banking fees in connection with the transactions contemplated herein, other than the Company's Financial Adviser pursuant to that certain Letter Agreement between the Company and the Company's Financial Adviser, a copy of which has been delivered to Purchaser.

5.4 STATE TAKEOVER STATUTES. To the Company's knowledge, no state takeover statute or similar statute or regulation other than Chapters 11, 12 and 13 of the CGCL applies or purports to apply to the Offer, the Merger, this Agreement or any of the transactions contemplated by this Agreement.

5.5 OPINION OF FINANCIAL ADVISOR. The Company has received the opinion of the Company's Financial Adviser to the effect that, as of the date of this Agreement, the consideration to be received in the Offer and the Merger by the Company's shareholders is fair to the Company's shareholders from a financial point of view.

ARTICLE VI.
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to the Company that:

6.1 ORGANIZATION. Purchaser is a corporation duly organized and validly existing and in good standing under the laws of the State of California. Purchaser has all requisite corporate power and authority to own its assets and carry on its business as now being conducted or proposed to be conducted.

6.2 AUTHORIZED CAPITAL. The authorized capital stock of Purchaser will at the Effective Time consist of forty million (40,000,000) shares of common stock, no par value, of which all shares outstanding as of the Effective Time will be owned, beneficially or of record, by Vinita Gupta or affiliates of Vinita Gupta. The issued and outstanding share of capital stock of Purchaser is validly issued, fully paid, nonassessable and free of preemptive rights and all liens.

6.3 AUTHORITY. Purchaser has the necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement by Purchaser, the performance by Purchaser of its obligations hereunder and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of its Board of Directors and approved by Vinita Gupta as sole shareholder of Purchaser, and no other corporate proceeding on the part of Purchaser is necessary for the execution and delivery of this Agreement by Purchaser and the performance by Purchaser of its obligations hereunder and the consummation by Purchaser of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Purchaser and, assuming the due authorization, execution and delivery hereof by the Company, is a legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except to the extent that its enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

6.4 NO PRIOR ACTIVITIES. Purchaser has not incurred nor will it incur, directly or indirectly, any liabilities or obligations, except those incurred in connection with its incorporation or with the negotiation of this Agreement, the Offer Documents and the consummation of the transactions contemplated hereby and thereby. Purchaser has not engaged, directly or indirectly, in any business or activity of any type or kind, or entered into any agreement or arrangement with any person or entity, and is not subject to or bound by any obligation or undertaking, that is not contemplated by or in connection with this Agreement, the Offer Documents and the transactions contemplated hereby and thereby.

6.5 BROKERS AND FINDERS. Neither Purchaser nor any of its officers, directors or employees has employed any broker, finder or investment banker or incurred any liability for any brokerage fees, commissions, finders fees or investment banking fees in connection with the transactions contemplated herein, except that Purchaser has employed and will pay the fees and expenses of Sutter Securities Incorporated.

6.6 CONSENTS AND APPROVALS; NO VIOLATIONS. Except for any required approval of the Merger by Vinita Gupta as the sole shareholder of Purchaser, the filing of the California Agreement of Merger in accordance with the CGCL and any required filing pursuant to, and the expiration or termination of any applicable waiting periods under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, neither the execution, delivery and performance of this Agreement by Purchaser nor the consummation by either of them of the transactions contemplated hereby will (i) conflict with or result in any breach of any provision of their respective articles of incorporation or bylaws; (ii) require

any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, except in connection with the Exchange Act; (iii) result in a violation or breach of, or constitute a default under, or give rise to any right of termination, amendment, cancellation or acceleration under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, contract, agreement or other instrument or obligation of any kind to which Purchaser is a party or by which Purchaser or any of its assets may be bound; or (iv) assuming Purchaser's compliance with the

CGCL as provided in this Agreement, violate any order, writ, injunction, judgment, decree, law, statute, rule, regulation or governmental permit or license applicable to Purchaser or any of its assets.

6.7 OFFER DOCUMENTS; PROXY STATEMENT; OTHER INFORMATION. None of the information included in the Offer Documents (including any amendments or supplements thereto) or any schedules required to be filed with the SEC in connection therewith and described therein as being supplied by Purchaser will, at the respective times that the Offer Documents or any amendments or supplements thereto or any such schedules are filed with the SEC, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the information supplied in writing by Purchaser specifically for inclusion in the Proxy Statement, Schedule 14D-9 or any statement required pursuant to Section 14(f) of the Exchange Act or any other schedules or statements required to be filed with the SEC in connection therewith will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein in light of the circumstances under which they were made, not misleading.

6.8 POST-CLOSING MATTERS. The Merger and the transactions contemplated by this Agreement will not cause the Company to be unable to pay its existing debts as they mature.

ARTICLE VII.
COVENANTS OF THE PARTIES

7.1 CONDUCT OF BUSINESS OF THE COMPANY. The Company and its subsidiaries shall use their best efforts to preserve intact their business organizations, to keep available the services of their operating personnel and to preserve the goodwill of those having business relationships with them, including, without limitation, suppliers. Except as contemplated by this Agreement, during the period from the date of this Agreement to the Effective Time, the Company Board will not permit the Company or any of its subsidiaries to conduct its business and operations otherwise than in the ordinary and usual course of business consistent with past practice.

7.2 NOTIFICATION OF CERTAIN MATTERS. The Company shall give prompt notice to Purchaser of: (i) any notice or other communication from any third party alleging that the consent of such third party is or may be required in connection with the transactions contemplated by this Agreement; (ii) any notice or other communication from any regulatory authority in connection with the transactions contemplated by this Agreement; and (iii) the occurrence of any event having, or which insofar as can be reasonably foreseen would have, a Material Adverse Effect.

7.3 FURTHER INFORMATION. Each of the Company and Purchaser shall give prompt written notice to the other of (i) any representation or warranty made by it contained in this Agreement becoming untrue or inaccurate in any material respect or (ii) the failure by it to comply with or satisfy in any material

respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; provided, however, that no such notification shall cure such breach or non-compliance or shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement or limit or otherwise affect the remedies available hereunder.

7.4 REASONABLE EFFORTS. Subject to the terms and conditions of this Agreement, each of the parties hereto will use all reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to

consummate and make effective the transactions contemplated by this Agreement and shall use all reasonable efforts to satisfy the conditions to the transactions contemplated hereby and to obtain all waivers, permits, consents and approvals and to effect all registrations, filings and notices with or to third parties or governmental or public bodies or authorities which are necessary or desirable in connection with the transactions contemplated by this Agreement, including, but not limited to, filings to the extent required under the Exchange Act. Without limiting the generality of the foregoing, the Company and Purchaser will vigorously defend against any lawsuit or proceeding, whether judicial or administrative, challenging this Agreement or the consummation of any of the transactions contemplated hereby. Subject to the terms and conditions of this Agreement, from time to time after the date hereof, without further consideration, the Company will, at its own expense, execute and deliver such documents to Purchaser as Purchaser may reasonably request in order to consummate the transactions contemplated by this Agreement. Subject to the terms and conditions of this Agreement, Purchaser will, from time to time after the date hereof, without further consideration, at its own expense, execute and deliver such documents to the Company as the Company may reasonably request in order to consummate the transactions contemplated by this Agreement.

7.5 PUBLIC ANNOUNCEMENTS. Purchaser and the Company shall consult with each other before issuing any press release or otherwise making any public statements with respect to the transactions contemplated hereby and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by law or any listing agreement with a national securities exchange or the Nasdaq Stock Market. No director shall make any press release or public announcement concerning the transactions contemplated hereby and shall make no other statement inconsistent with the Schedule 14D-9 and the Schedule 14D-1.

7.6 INDEMNITY.

7.6.1 Purchaser shall cause (i) all rights to indemnification by the Company now existing in favor of the Indemnified Parties as provided in the Company's Articles of Incorporation and By-Laws, or rights of indemnification equivalent thereto, and (ii) limitations of liability in the Company's Articles of Incorporation, or limitations equivalent thereto, to survive the Merger and to continue in full force and effect as rights to indemnification and limitations on liability, respectively, by the Surviving Corporation for a period of six years following the Effective Time, and shall cause to remain in full force and effect and cause the Surviving Corporation to fully perform all indemnity agreements with Indemnified Parties in effect on the date hereof (the "INDEMNITY AGREEMENTS").

7.6.2 Subject to the terms set forth herein, the Surviving Corporation shall indemnify and hold harmless, to the fullest extent permitted under applicable law (and shall also advance expenses as incurred by an Indemnified Party to the extent permitted under applicable law, provided the

person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such person is not entitled to indemnification), each Indemnified Party against any costs or expenses (including attorneys' fees), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to any action, alleged action, omission or alleged omission occurring on or prior to the Effective Time in their capacity as director, officer or employee (including, without limitation, any claims, actions, suits, proceedings and investigations which arise out of or relate to the transactions contemplated by this Agreement) for a period of six years after the Effective Time, provided that, in the event any claim or claims are asserted or made within such six year period, all rights to indemnification in respect of any such claim or claims shall continue until final disposition of any and all such claims.

7.6.3 Any Indemnified Party wishing to claim indemnification under this Section 7.6, upon learning of any such claim, action, suit, proceeding or investigation, shall promptly notify the Surviving Corporation thereof, but the failure to so notify shall not relieve the Surviving Corporation of any obligation to indemnify such Indemnified Party or of any other obligation imposed by this Section 7.6 unless and to the extent that such failure materially prejudices the Surviving Corporation; it being understood that it shall be deemed to materially prejudice the Surviving Corporation, as the case may be, if, as a result of such failure to notify, the Surviving Corporation is not given an opportunity to assume the defense of such claim, action, suit, proceeding or investigation within a reasonably prompt time after such claim, action, suit, proceeding or investigation is asserted or initiated. In the event of any such claim, action, suit, proceeding or investigation, (i) the Surviving Corporation shall have the right to assume the defense thereof and shall not be liable to such Indemnified Party for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Party in connection with the defense hereof, except that if the Surviving Corporation elects not to assume such defense or counsel for the Indemnified Party advises that there are issues which raise conflicts of interest between the Surviving Corporation and the Indemnified Party, the Indemnified Party may retain counsel satisfactory to it, and the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Party promptly as statements therefore are received; provided, however, that in no event shall the Surviving Corporation be required to pay fees and expenses, including disbursements and other charges, for more than one firm of attorneys in any one legal action or group of related legal actions unless (A) counsel for the Indemnified Party advises that there is a conflict of interest that requires more than one firm of attorneys, or (B) local counsel of record is needed in any jurisdiction in which any such action is pending, (ii) the Surviving Corporation and the Indemnified Party shall cooperate in the defense of any such matter, and (iii) the Surviving Corporation shall not be liable for any settlement effected without its prior written consent (which consent shall not be unreasonably withheld); and provided, further, that the Surviving Corporation shall not have any obligation hereunder to any Indemnified Party if and to the extent a court of competent jurisdiction ultimately determines, and such determination shall have become final, that the indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable law.

7.6.4 For six years after the Effective Time, the Surviving Corporation shall maintain the officers' and directors' liability insurance covering the Indemnified Parties who are presently covered by the Company's officers' and directors' liability insurance, with respect to acts or omissions occurring at or prior to the Effective Time, on terms no less favorable than those in effect on the date hereof or at the Effective Time.

7.6.5 In the event that any of the provisions of Section 7.6.1, 7.6.2. 7.6.3 or 7.6.4 above would conflict with any of the provisions of the Company's By-Laws, Articles of Incorporation or Indemnity Agreements in a manner that, if held applicable, would limit or restrict, or impose conditions or obligations on the exercise by any of the Indemnified Parties of, any of the indemnification rights or limitations of liability granted to them under the Company's By-Laws, Articles of Incorporation or Indemnity Agreements, then, in any such event or circumstance the applicable provisions of the Company's By-Laws, Articles of Incorporation or Indemnity Agreements shall control, as it is the intention of the parties that the Indemnified Parties shall have indemnification rights or limitations of liability no less favorable than those which they have under the Company's By-Laws, Articles of Incorporation or Indemnity Agreements, as in effect on the date hereof.

7.6.6 The covenants contained in this Section 7.6 shall survive the Effective Time until fully discharged, are intended to benefit each of the Indemnified Parties and shall be binding on all successors and assignees of the Surviving Corporation.

7.7 OTHER TRANSACTIONS.

7.7.1 CEASE PENDING DISCUSSIONS. The Company on behalf of itself and its affiliates and their respective officers, directors, employees, investment bankers, attorneys and other representatives and agents, shall immediately cease any existing discussions or negotiations, if any, with any parties (other than Purchaser) conducted heretofore with respect to any Acquisition Transaction (as defined below).

7.7.2 NEW PROPOSALS. Unless and until this Agreement has been terminated pursuant to Article X hereof, the Company and any of the Company's officers and directors shall not, and the Company shall direct and use its best efforts to cause its employees, agents and representatives (including, without limitation any investment banker, attorney or accountant retained by the Company) not to take or cause, directly or indirectly, any of the following actions with any party other than Purchaser or Purchaser's designees: (i) solicit, encourage, initiate, participate in or otherwise facilitate any negotiations, inquiries or discussions with respect to any offer, indication or proposal to acquire all or more than 15% of the Company's business, assets or capital shares whether by merger, consolidation, or other business combination, purchase of assets, reorganization, tender or exchange offer (each of the foregoing, an "Acquisition Proposal") or (ii) disclose, in connection with an Acquisition Proposal, any information or provide access to its properties, books or records, except as required by law or pursuant to a governmental request for information. The Company will take the necessary steps to promptly inform the individuals or entities referred to in the first sentence of this Section 7.7.2 of the obligations undertaken in this Section 7.7.2.

7.7.3 SUPERIOR PROPOSALS. Notwithstanding anything to the contrary contained in Sections 7.7.1 and 7.7.2 or elsewhere in this Agreement, prior to the Effective Time, the Company may participate in discussions or negotiations with, and furnish non-public information, and afford access to the properties, books, records, officers, employees and representatives of the Company to any Person, entity or group if such Person, entity or group has delivered to the Company, prior to the date of the Company's meeting of shareholders or action pursuant to Section 1110 of the CGCL, as applicable, and in writing, an Acquisition Proposal which the Special Committee in its reasonable judgment determines if consummated would be more favorable, from a financial point of view, to the Company's shareholders than the transactions contemplated by this Agreement, which determination shall be made only after the Special Committee

(i) receives a written opinion of its legal counsel that the Special Committee would breach its fiduciary duties if it did not accept the Acquisition Proposal and (ii) a written opinion of the Company's Financial Adviser to the effect that the Acquisition Proposal is superior, from a financial point of view, to the Company's shareholders than the transactions contemplated by this Agreement (an Acquisition Proposal satisfying such conditions constituting a "Superior Proposal"). In the event the company receives a Superior Proposal, nothing contained in this Agreement (but subject to this Section 7.7.3) will prevent the Special Committee from, on behalf of the Board of Directors, executing or entering into an agreement relating to such Superior Proposal and recommending such Superior Proposal to the shareholders of the Company, if the Special Committee determines in accordance with the preceding sentence that its fiduciary duties require it to do so; in such case, the Special Committee may withdraw, modify, or refrain from makings its recommendation of the transactions contemplated by this Agreement; provided, however, that the Special Committee shall (i) promptly notify Purchaser, and in any event within 24 hours, if any Acquisition Proposal is received by, any such information is requested from, or any such negotiations or discussions are sought to be initiated or continued with, the Company, indicating, in connection with such notice, the name of such person and the material terms of such Acquisition Proposal, (ii) provide Purchaser at least 48 hours prior written notice of the Special Committee's intention, on behalf of the Board of Directors of the Company, to

execute or enter into an agreement relating to such Superior Proposal and (iii) terminate this Agreement by written notice to Purchaser provided no sooner than 48 hours after Purchaser's receipt of a copy of such Superior Proposal.

7.8 PURCHASER AFFILIATES. Purchaser shall cause Purchaser's affiliates to take actions in such affiliates' capacities as officers, directors or employees of the Company to comply with the Company's covenants under this Article VII (provided, however, that Purchaser's affiliates may, by reason of conflict of interest, decline to participate in activities under Section 7.7.3) and shall cause Purchaser's affiliates not to take any willful action or inaction that causes the representations and warranties contained in Article V to be untrue.

ARTICLE VIII.
CONDITIONS OF THE MERGER

8.1 CONDITIONS TO EACH PARTY'S OBLIGATION TO EFFECT THE MERGER. The respective obligations of each party to this Agreement to consummate the Merger shall be subject to the following conditions, which have not been waived at or prior to the Closing:

8.1.1 SHAREHOLDER APPROVAL OF MERGER. This Agreement and the Merger shall have been approved and adopted by the requisite vote or consent of the shareholders of the Company required by the Company's Articles of Incorporation and By-Laws and the CGCL; provided, however, that this condition shall not apply in the event that Shares are purchased pursuant to the Offer;

8.1.2 LEGAL ACTIONS. No preliminary or permanent injunction or other order shall have been issued by any court or by any governmental or regulatory agency, body or authority which prohibits the consummation of the Offer or the Merger and the transactions contemplated by this Agreement and which is in effect at the Effective Time; provided, however, that, in the case of a decree, injunction or other order, each of the parties shall have used reasonable efforts to prevent the entry of any such injunction or other order and to appeal as promptly as possible any decree, injunction or other order that may be entered; and

8.1.3 LAW MAKING ILLEGAL. No statute, rule or regulation shall have been enacted, entered, promulgated or enforced by any governmental authority that prohibits the consummation of the Offer or the Merger or has the effect of making the purchase of the Shares illegal.

8.2 CONDITIONS TO THE OBLIGATIONS OF PURCHASER TO EFFECT THE MERGER. The obligation of Purchaser to effect the Merger shall be further subject to satisfaction of the following conditions, which have not been waived at or prior to the Closing:

8.2.1 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. Each of the Company's representations and warranties contained in Article V shall be true and correct as of the Closing Date unless the aggregate failure of such representations and warranties to be true and correct does not have a Material Adverse Effect;

8.2.2 COMPANY PERFORMANCE. The Company shall have performed and complied with the agreements and obligations contained in this Agreement required to be performed and complied with by it at or prior to the Effective Time unless the failure of such performance or compliance does not have a Material Adverse Effect;

8.2.3 NO CHANGE IN RECOMMENDATION. There shall have been no change in the Special Committee's recommendation that the stockholders of the Company accept the Offer and approve the Merger, all as provided in Section 2.2; and

8.2.4 DISSENTERS' RIGHTS. The holders of not more than 15% of the outstanding Shares shall have exercised, nor shall they have any continued right to exercise, appraisal, dissenters' or similar rights under applicable law with respect to their Shares by virtue of the Merger.

8.3 CONDITION TO THE OBLIGATIONS OF THE COMPANY TO EFFECT THE MERGER. The obligation of the Company to effect the Merger shall be further subject to satisfaction of the following conditions, which have not been waived at or prior to the Closing:

8.3.1 Representations and Warranties of Purchaser. Each of Purchaser's representations and warranties contained in Article VI shall be true and correct in all material respects as of the Closing Date; and

8.3.2 PURCHASER PERFORMANCE. Purchaser shall have performed and complied in all material respects with the agreements and obligations contained in this Agreement required to be performed and complied with by it at or prior to the Effective Time.

ARTICLE IX.
CLOSING

9.1 TIME AND PLACE. The closing of the Merger (the "CLOSING") shall take place at the offices of Latham & Watkins, 135 Commonwealth Drive, Menlo Park, California at 9:00 a.m. local time on a date to be specified by the parties which shall be no later than the third business day after the date on which the last of the closing conditions set forth in Article VIII is satisfied or waived unless another time, date or place is agreed upon in writing by the parties hereto.

9.2 FILINGS AT THE CLOSING. At the Closing, Purchaser shall cause the California Agreement of Merger to be filed and recorded with the Secretary of State of the State of California in accordance with the provisions of Section 1103 of the CGCL, and shall take any and all other lawful actions and do any and

all other lawful things necessary to cause the Merger to become effective.

ARTICLE X.
TERMINATION; AMENDMENT; WAIVER

10.1 TERMINATION. This Agreement may be terminated and the Offer (if Purchaser has not accepted Shares for payment) and the Merger may be abandoned at any time prior to the Effective Time:

10.1.1 MUTUAL CONSENT. By mutual written consent of Purchaser and the Company;

10.1.2 COURT OR GOVERNMENTAL RESTRAINT. By Purchaser or the Company if any court of competent jurisdiction in the United States or other United States governmental body shall have issued an order, decree or ruling or taken any other final action restraining, enjoining or otherwise prohibiting the Merger or the acceptance for payment and payment for the Shares in the Offer and such order, decree, ruling or other action is or shall have become nonappealable;

10.1.3 BY EITHER PARTY AFTER OUTSIDE DATE. By either the Company or Purchaser if the Merger shall not have been consummated by the date which is 180 days from the date of this Agreement (the "Outside Date"); provided that the right to terminate this Agreement under this Section 10.1.3 shall not be available to any party whose failure to fulfill any obligation or condition under this Agreement has been the cause of, or resulted in, the failure of the Merger to occur on or before the Outside Date and shall not be available to Purchaser if Purchaser has purchased Shares pursuant to the Offer.

10.1.4 BY PURCHASER FOR COMPANY BREACH. By Purchaser if, prior to the earlier of (a) acceptance for payment of Shares pursuant to the Offer or (b) the Closing, (i) there shall have been a breach of any representation or warranty on the part of the Company having a Material Adverse Effect, (ii) there shall have been a breach of any covenant or agreement on the part of the Company resulting in a Material Adverse Effect.

10.1.5 BY COMPANY FOR PURCHASER BREACH. By the Company if (i) there shall have been a breach of any representation or warranty on the part of Purchaser which has a material adverse effect on the consummation of the Offer or the Merger or (ii) there shall have been a material breach of any covenant or agreement on the part of Purchaser which has a material adverse effect on the consummation of the Offer or the Merger.

10.1.6 BY PURCHASER FOR CERTAIN ACTIONS OF THE COMPANY. By Purchaser, prior to the purchase of Shares pursuant to the Offer, if (i) the Special Committee shall have withdrawn or adversely modified its recommendation of the Offer, the Merger or this Agreement or the Special Committee , upon request of Purchaser, shall fail to reaffirm such approval or recommendation within five business dates after such request if an Acquisition Proposal is pending, or shall have resolved to do any of the foregoing; (ii) the Special Committee shall have recommended to the shareholders of the Company that they approve an Acquisition Proposal other than the transactions contemplated by this Agreement; (iii) a tender offer or exchange offer that, if successful, would result in any Person or "group" becoming a "beneficial owner" (such terms having the meaning in this Agreement as is ascribed under Regulation 13D under the Exchange Act) of 15% or more of the outstanding Shares is commenced (other than by Purchaser or an affiliate of Purchaser) and the Special Committee recommends that the shareholders of the Company tender their shares in such tender or exchange offer; (iv) for any reason the Company fails to call and hold the meeting of shareholders contemplated by Section 3.8.2 (provided, however, that

this clause (iv) shall be ineffective if Purchaser purchases Shares pursuant to the Offer) or (vi) if the Company or any of the Persons described in Section 7.7.1 or 7.7.2 who are not affiliates of Purchaser, shall willfully and materially breach Section 7.7.1 or 7.7.2;

10.1.7 BY THE COMPANY UPON ACCEPTING A SUPERIOR OFFER. By the Company, prior to the purchase of Shares pursuant to the Offer, if the Special Committee determines, on behalf of the Board of Directors, to accept a Superior Proposal.

10.2 EFFECT OF TERMINATION. In the event of the termination of this Agreement and the abandonment of the Offer and the Merger pursuant to Section 10.1, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party hereto or its affiliates, directors, officers or shareholders, other than the provisions of this Section 10.2 and 10.3 hereof. Notwithstanding the foregoing, nothing contained in this Section 10.2 shall relieve any party from liability for any breach of this Agreement.

10.3 FEES AND EXPENSES UPON TERMINATION. Upon the termination of this Agreement for any reason prior to the earlier of (a) the purchase of Shares by Purchaser pursuant to the Offer or (b) the Effective Time (other than termination by Purchaser and/or the Company pursuant to Sections 10.1.1, 10.1.2., 10.1.3., 10.1.4. or 10.1.5. hereof) the Company shall reimburse Purchaser and its affiliates for all actual documented out-of-pocket fees and expenses actually and reasonably incurred by Purchaser or on Purchaser's behalf in connection with the Offer and the Merger and the consummation of all transactions contemplated by this Agreement (including, without limitation, fees payable to financing sources, investment bankers, counsel to any of the foregoing, and accountants). Upon the termination of this Agreement pursuant to Section 10.1.6 or 10.1.7, the Company shall pay to Purchaser the sum of $2,400,000. All amounts payable pursuant to this Section 10.3 shall be due within three business days after termination of this Agreement and shall be payable by wire transfer of immediately available funds.

ARTICLE XI.
MISCELLANEOUS

11.1 NONSURVIVAL OF REPRESENTATIONS, WARRANTIES AND AGREEMENTS. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time or, in the case of the Company, shall survive the earlier of (i) acceptance for payment of, and payment for, the Shares by Purchaser pursuant to the Offer and (ii) the Effective Time. This Section 11.1 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time of the Merger.

11.2 AMENDMENT AND MODIFICATION. Subject to applicable law, this Agreement may be amended, modified or supplemented only by written agreement of Purchaser and the Company at any time prior to the Effective Time with respect to any of the terms contained herein executed by duly authorized officers of the respective parties, except that (i) prior to the Effective Time, consent by the Company shall require the approval of the Special Committee and (ii) after the Effective Time, the price per Share to be paid pursuant to this Agreement to the holders of Shares shall in no event be decreased and the form of consideration to be received by the holders of the Shares in the Merger shall in no event be altered, and no other amendment which would adversely affect the holders of Shares shall be made, without the approval of the applicable holders.

11.3 WAIVER OF COMPLIANCE; CONSENTS. At any time prior to the Effective Time, the parties hereto may extend the time for performance of any of the

obligations or other acts or waive any inaccuracies in the representations and warranties contained herein or in the documents delivered pursuant hereto. Any failure of Purchaser, on the one hand, or the Company, on the other hand, to comply with any obligation, covenant, agreement or condition herein may be waived in writing by Purchaser or the Company, respectively, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of or estoppel with respect to any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto or any extensions, such consent or extension shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 11.3.

11.4 COUNTERPARTS. This Agreement may be executed in any number of counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

11.5 GOVERNING LAW; SUBMISSION TO JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to its conflicts of

laws rules. Each party hereto hereby (i) irrevocably and unconditionally submits in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the state and federal courts in the state of California, and appellate courts from any thereof and (ii) consents that any action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same.

11.6 NOTICES.

(a) All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy; the day after it is sent, if sent for next day delivery to a domestic address by recognized overnight delivery service (E.G., Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested, as follows:

(b) If to the Company, to:

Prior to the Effective Time,

Digital Link Corporation
217 Humboldt Court
Sunnyvale, CA 94089-1300
Attention: Special Committee of Board of Directors
Telecopier: (408) 745-6250

with a copy to:

Fenwick & West LLP
Two Palo Alto Square
Palo Alto, CA 94306
Attention: David W. Healy
Telecopier: (650) 494-1417

After the Effective Time,

Digital Link Corporation
217 Humboldt Court
Sunnyvale, CA 94089-1300
Attention: Vinita Gupta
Telecopier: (408) 745-6250

(c) if to Purchaser, to:

DLZ Corp.
217 Humboldt Court
Sunnyvale, CA 94089-1300
Attention: Vinita Gupta

Telecopier: (408) 745-6250

with copies to:

Latham & Watkins
135 Commonwealth Drive
Menlo Park, California 94025
Attention: Christopher L. Kaufman
Telecopier: (650) 463-2600

11.7 ENTIRE AGREEMENT, ASSIGNMENT ETC. This Agreement, including the exhibits hereto, embodies the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and is not intended to confer upon any other person any rights or remedies hereunder. This Agreement supersedes all prior agreements and understanding of the parties with respect to the subject matter hereof. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, and (except for Indemnified Parties) no other person shall have any right, benefit or obligation under this Agreement as a third party beneficiary or otherwise. Neither this Agreement nor any of the rights, interest or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other parties hereto, except that Purchaser shall have the right to assign its rights to any (directly or indirectly) wholly owned subsidiary of Purchaser without the prior written consent of the Company, provided that Purchaser shall remain fully responsible for and shall cause such subsidiary to duly and timely perform, all of Purchaser's obligations hereunder.

11.8 VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect.

11.9 HEADINGS; CERTAIN DEFINITIONS. The Articles and Section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not affect in any way the meaning or interpretation of this Agreement. Every reference herein to the word "days," if not preceded by the word "business," shall mean calendar days, and every reference herein to the words "business days" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the city of New York are authorized or obligated by law to close.

11.10 SPECIFIC PERFORMANCE. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any state or federal court in

the state of California, this being in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first above written.

DLZ CORP.

By: /s/ Vinita Gupta

Name: Vinita Gupta
Title: President and Chief Executive Officer

DIGITAL LINK CORPORATION

By: /s/ Vinita Gupta

Name: Vinita Gupta
Title: President and Chief Executive Officer

ANNEX A

The capitalized terms used herein and not otherwise defined herein have the meanings set forth in the Agreement and Plan of Merger to which this Annex A is attached.

Notwithstanding any other provision of the Agreement and Plan of Merger to which this ANNEX A is attached (the "AGREEMENT") or the Offer, Purchaser shall not be required to accept for payment, purchase or pay for any Shares of the Company tendered, and may terminate or, subject to the terms of the Agreement, amend the Offer and may postpone the acceptance for payment of and payment for any Shares if there shall not have been validly tendered and not withdrawn prior to the expiration of the Offer that number of shares of Company Common Stock which, together with the Shares owned by Purchaser, would represent ninety percent (90%) of the outstanding shares of the Company on the date of purchase (the "MINIMUM CONDITION"). Furthermore, notwithstanding any other term of the Offer or this Agreement, Purchaser shall not be required to accept for payment or, subject as aforesaid, to pay for any Shares not theretofore accepted for payment or paid for, and may terminate the Offer if, at any time on or after the date of this Agreement and before the acceptance of such Shares for payment or the payment therefor, any of the following conditions exists:

(a) LEGAL PROCEEDINGS. There shall have been threatened, instituted or be pending any action or proceeding before any court or governmental, administrative or regulatory authority or agency, domestic or foreign (each, a "GOVERNMENTAL ENTITY"), or by any other person, domestic or foreign, before any court or Governmental Entity, (i) challenging or seeking to, or which is reasonably likely to, make illegal, materially delay or otherwise directly or indirectly restrain or prohibit or seeking to, or which is reasonably likely to, impose voting, procedural, price or other requirements, including any such requirements under California law, in addition to those required by federal securities laws, in connection with the making of the Offer, the acceptance for

payment of, or payment for, any Shares by Purchaser or the consummation by Purchaser of the Merger or other business combination with the Company, or seeking to obtain material damages in connection therewith; (ii) seeking to prohibit or limit materially the ownership or operation by the Company, Purchaser or any of their respective subsidiaries of all or any material portion of the business or assets of the Company, Purchaser or any of their respective subsidiaries, or to compel the Company, Purchaser or any of their respective subsidiaries to dispose of or hold separate all or any material portion of the business or assets of the Company, Purchaser or any of their respective subsidiaries; (iii) seeking to impose or confirm limitations on the ability of Purchaser to exercise effectively full rights of ownership of any Shares, including, without limitation, the right to vote any Shares acquired by Purchaser pursuant to the Offer or otherwise on all matters properly presented to the Company's shareholders; (iv) seeking to require divestiture by Purchaser of any Shares; (v) seeking any material diminution in the benefits expected to be derived by Purchaser as a result of the transactions contemplated by the Offer or the Merger or any other similar business combination with the Company; (vi) otherwise directly or indirectly relating to the Offer or which otherwise, in the reasonable judgment of Purchaser, might materially adversely affect the Company or Purchaser or the value of the Shares; or (vii) which otherwise, in the reasonable judgment of Purchaser, is likely to materially adversely affect the business, operations (including, without limitation, results of operations), properties (including, without limitation, intangible properties), condition (financial or otherwise), assets or liabilities (including, without limitation, contingent liabilities) or prospects of either the Company or any of its subsidiaries or Purchaser;

(b) OTHER LEGAL ACTIONS. There shall have been any action taken, or any statute, rule, regulation, legislation, interpretation, judgment, order or injunction enacted, entered, enforced, promulgated, amended, issued or deemed applicable to (i) Purchaser, the Company or any subsidiary or

affiliate of Purchaser or the Company or (ii) the Offer or the Merger, by any legislative body, court, government or governmental, administrative or regulatory authority or agency, domestic or foreign, other than the routine application of the waiting period provisions of the HSR Act to the Offer or the Merger, which, in the reasonable judgment of Purchaser, is likely to result, directly or indirectly, in any of the consequences referred to in clauses (i) through (vii) of paragraph (a) above;

(c) MATERIAL ADVERSE CHANGE. There shall have occurred any change, condition, event or development that constitutes a Material Adverse Effect;

(d) STOCK MARKET AND RELATED MATTERS. There shall have occurred (i) any general suspension of, or limitation on prices for, trading in securities on the Nasdaq National Market, (ii) any material adverse change in United States currency exchange rates or a suspension of, or limitation on, currency exchange markets, (iii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (iv) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, on, or other event that, in the reasonable judgment of Purchaser, might affect the extension of credit by banks or other lending institutions, or (v) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States;

(e) CORPORATE CHANGES. The Company or any of its subsidiaries, joint ventures or partners or other affiliates shall have, directly or indirectly, (i) split, combined or otherwise changed, or authorized or proposed a split, combination or other change of, the Shares or its capitalization, (ii) acquired

or otherwise caused a reduction in the number of, or authorized or proposed the acquisition or other reduction in the number of, outstanding Shares or other securities (other than as aforesaid), (iii) issued or sold, or authorized or proposed the issuance, distribution or sale of, additional Shares (other than the issuance of Shares under option prior to the date of this Agreement, in accordance with the terms of such options as such terms have been publicly disclosed prior to the date of this Agreement), shares of any other class of capital stock, other voting securities or any securities convertible into, or rights, warrants or options, conditional or otherwise, to acquire, any of the foregoing, (iv) declared or paid, or proposed to declare or pay, any dividend or other distribution, whether payable in cash, securities or other property, on or with respect to any shares of capital stock of the Company, (v) altered or proposed to alter any material term of any outstanding security, (vi) incurred any debt other than in the ordinary course of business or any debt containing burdensome covenants, (vii) authorized, recommended, proposed or entered into an agreement, agreement in principle or arrangement or understanding with respect to any merger, consolidation, liquidation, dissolution, business combination, acquisition of assets, disposition of assets, release or relinquishment of any material contractual or other right of the Company or any of its subsidiaries or any comparable event not in the ordinary course of business, (viii) entered into or amended any employment, change in control, severance, executive compensation or similar agreement, arrangement or plan with or for the benefit of any of its employees, consultants or directors, or made grants or awards thereunder, other than in the ordinary course of business or entered into or amended any agreements, arrangements or plans so as to provide for increased or accelerated benefits to any such persons, (ix) except as may be required by law, taken any action to terminate or amend any employee benefit plan (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended) of the Company or any of its subsidiaries, or (x) amended or authorized or proposed any amendment to the Company's Articles of Incorporation or Bylaws;

(f) [intentionally omitted];

(g) REQUIRED APPROVALS. Any required approval, permit, authorization or consent of any governmental authority or agency shall not have been obtained on terms reasonably satisfactory to Purchaser;

(h) COMPANY'S REPRESENTATIONS AND WARRANTIES. Any of the representations and warranties of the Company set forth in this Agreement that are qualified shall not be true and correct unless the effect of all such failures to be true or correct does not constitute a Material Adverse Effect;

(i) COMPANY'S COVENANTS. The Company shall have failed to perform any obligation or to comply with any agreement or covenant of the Company to be performed or complied with by it under this Agreement unless the effect of all such failures does not constitute a Material Adverse Effect;

(j) MODIFICATION OF RECOMMENDATION. The Company Board or any committee thereof shall have withdrawn or modified in a manner adverse to Purchaser its approval or recommendation of the Offer, the Merger or this Agreement, or (ii) the Company Board or any committee thereof shall have resolved to take the foregoing action; or

(l) TERMINATION OF AGREEMENT. This Agreement shall have been terminated in accordance with its terms;

The foregoing conditions are for the sole benefit of Purchaser and may be asserted by Purchaser regardless of the circumstances giving rise to any such condition or may be waived by Purchaser in whole or in part at any time and from time to time in Purchaser's discretion. The failure by Purchaser at any time to

exercise any of the foregoing rights shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time.

AGREEMENT AND PLAN OF MERGER

by and among

DLZ CORP.,

and

DIGITAL LINK CORPORATION

Dated as of September 3, 1999

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Exhibit (c)(2) to
Sch. 14D-1

DLZ CORP.
SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT is dated as of _____, between DLZ CORP., a California corporation ("DLZ"), and _____ ("SUBSCRIBER"), a shareholder of Digital Link Company, a California corporation (the "COMPANY").

BACKGROUND

A. DLZ has entered into a Merger Agreement (the "MERGER AGREEMENT") with the Company pursuant to which DLZ will merge with and into the Company with the Company surviving the merger as the "Surviving Corporation." All capitalized terms not defined in this Subscription Agreement shall have the meanings set forth in the Merger Agreement.

B. DLZ has authorized capital stock of 30,000,000 shares of common stock, no par value, each share of which is entitled to one vote (the "DLZ COMMON"). As of the date hereof, 1 share of DLZ Common is outstanding and held by Vinita Gupta.

C. In connection with the transactions contemplated by the Merger Agreement, the parties desire that shares of DLZ COMMON be issued to the Subscriber in consideration of the contribution of the Subscriber's shares of the common stock, no par value per share, of the Company (the "COMPANY SHARES") to DLZ.

NOW THEREFORE, in consideration of the premises and the representations, warranties and agreements contained herein, the parties hereto agree as follows:

ARTICLE I.
STOCK SUBSCRIPTION

1.1 CONTRIBUTION OF STOCK. At the Closing (as hereinafter defined), DLZ shall deliver to the Subscriber certificates representing shares of DLZ Common (the "SHARES") in the amounts set forth in Schedule 1.1 to this Subscription Agreement ("SCHEDULE 1.1").

1.2 CONSIDERATION FOR SHARES. Concurrently with the issuance of DLZ Common to be purchased by the Subscriber, the Subscriber shall deliver to DLZ in exchange therefor certificates duly endorsed in blank or with stock powers attached representing the number of Company Shares set forth in Schedule 1.1.

1.3 CLOSING. The delivery and transfer of DLZ Common to the Subscriber and in exchange therefor the delivery and transfer of the shares of Company

Common by the Subscriber (the "CLOSING") shall take place immediately prior to the Effective Time.

ARTICLE II.
REPRESENTATIONS AND WARRANTIES OF DLZ

DLZ represents and warrants to the Subscriber that:

2.1 ORGANIZATION AND AUTHORITY. DLZ is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to enter into this Subscription Agreement and to consummate the transactions contemplated hereby. DLZ has all requisite corporate power and authority to issue and sell the DLZ Common contemplated hereby and otherwise to carry out the transactions contemplated hereby.

2.2 CAPITALIZATION. DLZ has authorized capital stock of 30,000,000 shares of DLZ Common, of which 1 share is outstanding. All of the outstanding shares of DLZ Common shall be validly issued fully paid and nonassessable and when delivered by DLZ at the Closing.

2.3 VALID, BINDING AGREEMENT. This Subscription Agreement is a valid and binding agreement of DLZ, enforceable against DLZ in accordance with its terms.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF THE SUBSCRIBER

The Subscriber hereby represents and warrants as follows:

3.1 ACCESS TO INFORMATION. DLZ has made available to the Subscriber, for a reasonable time prior to the date hereof, an opportunity to ask questions and receive answers concerning the terms and conditions of the Subscriber's investment in the DLZ Common and to obtain any additional information which DLZ possesses or can acquire without unreasonable effort or expense, and the Subscriber has received all additional information requested by the Subscriber. The Subscriber has had access to such financial and other information as is necessary in order for the Subscriber to make a fully-informed decision as to his or her investment in DLZ Common.

3.2 NO REGISTRATION. The Subscriber has been advised that the shares of DLZ Common have not been registered under the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "1933 ACT") and, therefore, cannot be resold unless they are registered under the 1933 Act or unless an exemption from registration is available.

3.3 PURCHASE FOR INVESTMENT. The Subscriber, with respect to all the shares of DLZ Common to be purchased by the Subscriber, is purchasing the DLZ

Common for such Subscriber's own account, in each case for investment and not with a view to, or for resale in connection with, the distribution thereof or with any present intention of distributing or reselling any thereof.

3.4 BUSINESS AND FINANCIAL EXPERIENCE, ETC. The Subscriber has such knowledge and experience in financial and business matters that the Subscriber is capable of evaluating the merits and risks of Subscriber's investment in DLZ Common and is aware that the Subscriber must bear the economic risk of such investment for an indefinite period of time.

3.5 TAX ADVICE. DLZ has made no warranties or representations to the Subscriber with respect to the income tax consequences of the transactions contemplated by this Subscription Agreement and the Subscriber is in no manner relying on DLZ or its representatives or agents for an assessment of such tax consequences.

ARTICLE IV.
RESTRICTIONS ON TRANSFER OF DLZ COMMON

The Subscriber hereby agrees that each outstanding certificate representing shares of DLZ Common to be delivered at the Closing shall bear endorsements reading substantially as follows:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE SUCH A REGISTRATION IS IN EFFECT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SAID ACT."

ARTICLE V.
CONDITIONS TO CLOSING

5.1 SUBSCRIBER'S OBLIGATION. The Subscriber's obligation to purchase and deliver the consideration for the shares of DLZ Common to be sold by DLZ at the Closing is subject to the fulfillment on or prior to the Closing of the following conditions:

5.1.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties of DLZ contained in this Subscription Agreement, and those otherwise made in writing in other documents, and letters or other statements addressed in whole or in part to the Subscriber by or on behalf of DLZ in connection with the transactions contemplated by this Subscription Agreement shall be true and correct when made and at and as of the time of the Closing.

5.1.2 PERFORMANCE. DLZ shall have performed and complied with all

agreements and conditions contained in this Subscription Agreement required to be performed or complied with by it prior to or at the Closing.

5.1.3 NO IMPEDIMENTS TO MERGER. All conditions to the Merger shall have been satisfied or waived.

5.1.4 NO ORDERS. As of the Closing, there shall not be outstanding any order of any court, administrative agency or governmental body which in any way restrains or prevents the carrying out of the transactions contemplated by this Subscription Agreement, including, without limitation, the Transaction.

ARTICLE VI.
MISCELLANEOUS PROVISIONS

6.1 GOVERNING LAW; AMENDMENT. This Subscription Agreement shall be construed and enforced in accordance with the laws of the State of California. This Subscription Agreement cannot be changed orally, and can be changed only by an instrument in writing signed by the parties hereto.

6.2 NOTICES. All notices, statements, instructions or other documents required to be given hereunder shall be in writing and shall be given either personally or by mailing the same in a sealed envelope, first-class mail, postage prepaid and either certified or registered, return receipt requested, addressed to DLZ at its principal offices and to the Subscriber at such Subscriber's address reflected in the stock records of DLZ. The Subscriber, by written notice given to DLZ in accordance with this Section 6.2 may change the address to which notices, statements, instructions or other documents are to be sent to such Subscriber. All notices, statements, instructions and other documents hereunder that are mailed shall be deemed to have been given on the date of mailing. Whenever pursuant to this Subscription Agreement any notice is required to be given by any stockholder to any other stockholder, such stockholder may request from DLZ a list of addresses of all stockholders of DLZ, which list shall be promptly furnished to such stockholder.

6.3 COMPLETE AGREEMENT; COUNTERPARTS. This Subscription Agreement constitutes the entire agreement and supersedes all other agreements and understandings, both written and oral, among the parties or any of them, with respect to the subject matter hereof. This Subscription Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

6.4 ASSIGNMENT. This Subscription Agreement is not assignable by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Subscription Agreement as of the day and year first written above.

DLZ CORP.

BY:

Vinita Gupta
President

SUBSCRIBER

[NAME]

BY:

[Name]
[Title]

SCHEDULE 1.1
SHARES OF COMMON STOCK HELD BY SUBSCRIBER

DLZ CORP.
P.O. BOX 620154
WOODSIDE, CALIFORNIA 94062-0154

Depositary Agreement

September 9, 1999

Harris Trust Company of New York
430 Park Avenue - 14th Floor
New York, NY 10022

Attention: Mark B. Zimkind
Vice President

RE: OFFER TO PURCHASE

Ladies and Gentlemen:

DLZ Corp., a California corporation (the "Purchaser"), is offering to purchase all shares of Digital Link Corporation Common Stock, no par value (the "Shares"), at $10.30 per Share net to the seller in cash, upon the terms and conditions set forth in its Offer to Purchase dated September 10, 1999 (the "Offer to Purchase") and in the related Letter of Transmittal (which shall include the Internal Revenue Service Form W-9), copies of which are attached hereto as Exhibits A and B, respectively, and which together, as they may be amended from time to time, constitute the "Offer." The "Expiration Date" for the Offer shall be 12:00 midnight, New York City Time, on October 15, 1999, unless and until the Purchaser shall have extended the period of time for which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser from time to time shall expire. All terms not defined herein shall have the same meaning as in the Offer.

The Purchaser hereby agrees with you as follows:

1) Subject to the terms and conditions of this Agreement and the Offer to Purchase, you will act as Depositary in connection with the Offer and in such capacity are authorized and directed to accept tenders of Shares.

2) (a)Tenders of Shares may be made only as set forth under the heading "The Tender Offer - Section 3. Procedure for Tendering Shares" of the Offer to Purchase, and Shares shall be considered validly tendered to you only if:

(i) you receive prior to the Expiration Date (X) certificates for such Shares (or a Confirmation (as defined in paragraph (b) below) relating to such Shares) and (Y) a properly completed and duly executed letter of Transmittal (or facsimile thereof) or an Agent's Message (as defined in paragraph (b) below) relating thereto, or

(ii) you receive (X) a Notice of Guaranteed Delivery (as defined in paragraph (b) below) relating to such Shares prior to the Expiration Date and (Y) certificates for such Shares (or a Confirmation relating to such Shares) and either a properly completed and duly executed Letter of Transmittal (or facsimile thereof) or an Agent's Message relating thereto within three trading days after the date of execution of such Notice of Guaranteed Delivery. A "trading day" is any day on which The New York Stock Exchange is open for business; and

(iii) in the case of either clause (i) or (ii) above, a final determination of the adequacy of the items received, as provided in Section 4 hereof, has been made by the Purchaser.

(b) For the purpose of this Agreement: (i) a "Confirmation" shall be a confirmation of book-entry transfer of Shares into your account at The Depository Trust Company (the "Book-Entry Transfer Facility") to be established and maintained by you in accordance with Section 3 hereof; (ii) a "Notice of Guaranteed Delivery" shall be a notice of guaranteed delivery substantially in the form attached as Exhibit C hereto or a telegram, facsimile transmission or letter substantially in such form, or if sent by a Book-Entry Transfer Facility, a message transmitted through electronic means in accordance with the usual procedures of such Book-Entry Transfer Facility and the Depositary, substantially in such form; provided, however, that if such notice is sent by a Book-Entry Transfer Facility through electronic means, it must state that such Book-Entry Transfer Facility has received an express acknowledgment from the participant on whose behalf such notice is given that such participant has received and agrees to become bound by the form of such notice; (iii) an "Eligible Institution" is a firm or other entity identified in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and which is a member in good standing in the Security Transfer Agent Medallion Signature Program; and (iv) an "Agent's Message" shall be a message transmitted through electronic means by a Book-Entry Transfer Facility, in accordance with the normal procedures of such Book-Entry Transfer Facility and the Depositary, to and received by the Depositary and forming part of a Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares which are the subject of such Book-Entry Confirmation that such participant has received and agrees to be bound by the terms of the Letter of Transmittal, and that the Purchaser may enforce such agreement against such participant. The term Agent's Message shall also include any hard copy printout evidencing such message generated by a computer terminal maintained at the Depositary's office.

(c) We acknowledge that in connection with the Offer you may enter into

agreements or arrangements with a Book-Entry Transfer Facility which, among other things, provide that (i) delivery of an Agent's Message will satisfy the terms of the Offer with respect to the delivery of a Letter of Transmittal, (ii) such agreements or arrangements are enforceable against the Purchaser by such Book-Entry Transfer Facility or participants therein and (iii) you, as Depositary, are authorized to enter into such agreements or arrangements on behalf of the Purchaser. Without limiting any other provision of this Agreement, you are expressly authorized to enter into any such agreements or arrangements on behalf of the Purchaser and to make any

necessary representations or warranties in connection therewith, and any such agreements or arrangements shall be enforceable against the Purchaser.

3) You shall take steps to establish and, subject to such establishing, maintain an account at each Book-Entry Transfer Facility for book-entry transfers of Shares, as set forth in the Letter of Transmittal and the Offer to Purchase, and you shall comply with the provisions of Rule 17Ad-14 under the Exchange Act.

4) (a) You are authorized and directed to examine any certificate representing Shares, Letter of Transmittal (or facsimile thereof), Notice of Guaranteed Delivery or Agent's Message and any other document required by the Letter of Transmittal received by you to determine whether you believe any tender may be defective. In the event you conclude that any Letter of Transmittal, Notice of Guaranteed Delivery, Agent's Message or other document has been improperly completed, executed or transmitted, any of the certificates for Shares is not in proper form for transfer (as required by the aforesaid instructions) or if some other irregularity in connection with the tender of Shares exists, you are authorized subject to Section 4(b) hereof to advise the tendering stockholder, or transmitting Book-Entry Transfer Facility, as the case may be, of the existence of the irregularity, but you are not authorized to accept any tender of fractional Shares, any tender not in accordance with the terms and subject to the conditions set forth in the Offer, or any other tender which you deem to be defective, unless you shall have received from the Purchaser the Letter of Transmittal which was surrendered (or if the tender was made by means of a Confirmation containing an Agent's Message, a written notice), duly dated and signed by an authorized officer of the Purchaser, indicating that any defect or irregularity in such tender has been cured or waived and that such tender has been accepted by the Purchaser.

(b) Promptly upon your concluding that any tender is defective, you shall, after consultation with and on the written instructions of the Purchaser, use reasonable efforts in accordance with your regular procedures to notify the person tendering such Shares, or Book-Entry Transfer Facility transmitting the Agent's Message, as the case may be, of such determination and, when necessary, return the certificates involved to such person in the manner described in Section 11 hereof. The Purchaser shall have full

discretion to determine whether any tender is complete and proper and shall have the absolute right to reject any or all tenders of any particular Shares determined by it not to be in proper form and to determine whether the acceptance of or payment for such tenders may, in the opinion of counsel for the Purchaser, be unlawful; it being specifically agreed that you shall have neither discretion nor responsibility with respect to these determinations. To the extent permitted by applicable law, the Purchaser also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the tender of any particular Shares. The interpretation by the Purchaser of the terms and conditions of the Offer to Purchase, the Letter of Transmittal and the instructions thereto, a Notice of Guaranteed Delivery or an Agent's Message (including without limitation the determination of whether any tender is complete and proper) shall be final and binding.

(c) All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tender of Shares, including questions as to the proper completion or execution of any Letter of Transmittal (or facsimile thereof), Notice of Guaranteed Delivery or other required documents and as to the proper form for transfer of any certificate of Shares, shall be

resolved by the Purchaser, whose determination shall be final and binding. The Purchaser shall have the absolute right to determine whether to reject any or all tenders not in proper or complete form or to waive any irregularities or conditions, and the Purchaser's interpretation of the Offer to Purchase, the Letter of Transmittal and the instructions thereto and the Notice of Guaranteed Delivery (including without limitation the determination of whether any tender is complete and proper) shall be final and binding.

(d) You agree to maintain accurate records as to all Shares tendered prior to or on the Expiration Date.

5) You are authorized and directed to return to any person tendering Shares, in the manner described in Section 11 hereof, any certificates representing Shares tendered by such person but duly withdrawn pursuant to the Offer to Purchase. To be effective, a written, telegraphic, or facsimile transmission notice of withdrawal must be received by you within the time period specified for withdrawal in the Offer to Purchase at your address set forth on the back-page of the offer to Purchase. Any notice of withdrawal must specify the name of the person having deposited the Shares to be withdrawn, the number of Shares to be withdrawn and, if the certificates representing such Shares have been delivered or otherwise identified to you, the name of the registered holder(s) of such Shares as set forth in such certificates. If the certificates have been delivered to you, then prior to the release of such certificates the tendering stockholder must also submit the serial numbers shown on the particular certificates evidencing such Shares and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been delivered pursuant to the procedure

for book-entry transfer, any notice of withdrawal must also specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with such Book-Entry Transfer Facility's procedures. You are authorized and directed to examine any notice of withdrawal to determine whether you believe any such notice is defective. In the event you conclude that any such notice may be defective you shall, after consultation with and on the instructions of the Purchaser, use reasonable efforts in accordance with your regular procedures to notify the person delivering such notice of such determination. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser in its sole discretion, whose determination shall be final and binding. Any Shares so withdrawn shall no longer be considered to be properly tendered unless such Shares are re-tendered prior to the Expiration Date pursuant to the Offer to Purchase.

6) Subject to Sections 17 and 26 hereof, any amendment to or extension of the Offer, as the Purchaser shall from time to time determine, shall be effective when made, provided that Purchaser will give you oral notice prior to the time the Offer would otherwise have expired, which notice shall be promptly confirmed by the Purchaser in writing; provided that you may rely on and shall be authorized and protected in acting or failing to act upon any such notice even if such notice is not confirmed in writing or such confirmation conflicts with such notice. If at any time the Offer shall be terminated as permitted by the terms thereof, the Purchaser shall promptly notify you of such termination. If such termination shall occur, all Shares tendered to you prior to the time of such termination (except such of the Shares as shall have been paid for by the Purchaser prior to the effectiveness of such termination) and all items then or thereafter in your possession which relate to such Shares shall be returned promptly to, or upon the order of, the respective holders of such Shares.

7) At 11:00 a.m., New York City time, or as promptly as practicable thereafter, on each business day or more frequently if reasonably requested as to major tally figures, you shall advise each of the parties named below by telephone as to, based upon your preliminary review (and at all times subject to final determination by Purchaser), as of the close of business on the preceding day or the most recent practicable time prior to such request, as the case may be: (i) the number of Shares duly tendered on such day; (ii) the number of Shares duly tendered represented by certificates physically held by you on such day; (iii) the number of Shares represented by Notices of Guaranteed Delivery on such day; (iv) the number of Shares withdrawn on such day; and (v) the cumulative totals of Shares in categories (i) through (iv) above through 12:00 noon, New York City time, on such day:

(a) to the Purchaser:

DLZ Corp.
P.O. Box 620154

Woodside, California 94062-0154
Tel No. (408) 745-4550

(b) to the Purchaser's counsel:

Latham & Watkins
135 Commonwealth Drive
Menlo Park, California 94025
Attention: Christopher Kaufman, Esq.
Tel. No. (650) 328-4600

(c) to such other person(s), by such means, as any of the foregoing may designate.

You shall also furnish to each of the above named persons a written report confirming the above information which has been communicated orally on the day following such oral communication. You shall furnish to the Information Agent (as defined in the Offer to Purchase) and the Purchaser, such reasonable information, to the extent such information has been furnished to you, relating to the tendering stockholders as may be requested from time to time.

You shall furnish to the Purchaser, upon request, master lists of Shares tendered for purchase, including an A-to-Z list of the tendering stockholders.

You are also authorized and directed to provide the persons listed above or any other persons approved by the Purchaser with such other information relating to the Shares, Offer to Purchase, Letters of Transmittal, Agent's Messages or Notices of Guaranteed Delivery as the Purchaser may reasonably request from time to time.

You shall not provide persons other than those mentioned in (or designated in accordance with the provisions of) paragraphs (a), (b) and (c) above with any information not contained in the Offer to Purchase and the Letter of Transmittal. IN NO EVENT SHALL YOU MAKE ANY RECOMMENDATION, EITHER DIRECTLY OR INDIRECTLY REGARDING THE ADVISABILITY OF TENDERING SHARES PURSUANT TO THE OFFER. If you receive requests for copies of the Offer to Purchase, Letter of Transmittal, or other tender offer materials, you shall advise persons making such requests that copies of such documents can be obtained from the Information Agent at the address set forth on the back cover of the Offer to Purchase.

You shall provide to the Purchaser, and such other persons as any of them may designate, with access to your offices and to those persons on your staff who are responsible for receiving tenders in order to ensure that, immediately prior to any Expiration Date, the Purchaser shall receive sufficient information to enable it to decide whether to extend the Offer.

8) Letters of Transmittal, Notices of Guaranteed Delivery, Agent's Messages, telegrams, telexes, facsimile transmissions, notices and letters submitted to you pursuant to the Offer shall be stamped by you to indicate the date and time of the receipt thereof and these documents, or copies thereof, shall be preserved by you for a reasonable time not to exceed one year or the term of this Agreement, whichever is longer, and thereafter shall be delivered by you to the Purchaser. Thereafter, any inquiries relating to or requests for any of the foregoing shall be directed solely to the Purchaser and not the Depositary.

9) (a) If under the terms and conditions set forth in the Offer to Purchase the Purchaser becomes obligated to accept and pay for Shares tendered, upon instruction by the Purchaser and as promptly as practicable but no later than three business days after the latest of: (i) the Expiration of the period for the delivery of Notices of Guaranteed Delivery pursuant to the Offer to Purchase; and (ii) the physical receipt by you of a certificate or certificates representing tendered Shares (in proper form for transfer by delivery), a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) or a Confirmation including an Agent's Message and any other documents required by the Letter of Transmittal; and (iii) the deposit by the Purchaser with you of sufficient federal or other immediately available funds to pay, subject to the terms and conditions of the Offer, all stockholders for whom checks representing payment for Shares are to be drawn, less any adjustments required by the terms of the Offer, and all applicable tax withholdings, you shall, subject to Section 15 hereof, deliver or cause to be delivered to the tendering stockholders and designated payees, consistent with this Agreement and the Letter of Transmittal, official bank checks of the Depositary, in the amount of the applicable purchase price specified in the Offer (less any applicable tax withholdings) for the Shares theretofore properly tendered and purchased under the terms and conditions of the Offer. The Purchaser will also deposit with you on your request federal or other immediately available

funds in an amount equal to the total stock transfer taxes or other governmental charges, if any, payable in respect of the transfer or issuance to the Purchaser or its nominee or nominees of all Shares so purchased. Upon request by the Purchaser you will apply to the proper authorities for the refund of money paid on account of such transfer taxes or other governmental charges. On receipt of such refund, you will promptly pay over to the Purchaser all money refunded and no such funds shall be used to set off any other amounts which may be due to you or your affiliates.

10) (a) On or prior to the Expiration Date, the Purchaser shall instruct

you in writing whether payments for tendered shares should be reported on Forms 1099-B.

(b) On or before January 31st of the year following the year in which the Purchaser accepts Shares for payment, you will prepare and mail to each tendering stockholder whose Shares were accepted, other than Foreign Stockholders, a Substitute Form 1099-B, as instructed in writing by the Purchaser, in accordance with Treasury Regulations. If the Purchaser provides you with a letter to be sent to tendering stockholders explaining the possible tax consequences of the tender of Shares, you shall include a copy of such letter with the Substitute Forms 1099-B sent to each stockholder. You will also prepare and file copies of such Substitute Forms 1099-B by magnetic tape with the Internal Revenue Service in accordance with Treasury Regulations on or before February 28th of the year following the year in which Shares are accepted for payment.

(c) You will deduct and withhold 31% backup withholding tax from the purchase price payable with respect to Shares tendered by any stockholder, other than a Foreign Stockholder, who has not properly provided you with his taxpayer identification number, in accordance with Treasury Regulations.

(d) Should any issue arise regarding federal income tax reporting or withholding, you will take such action as the Purchaser instructs you in writing.

11) If, pursuant to the terms and conditions of the Offer, the Purchaser has notified you that it does not accept certain of the Shares tendered or purported to be tendered or a stockholder withdraws any tendered Shares, you shall promptly return the deposited certificates for such Shares, together with any other documents received, to the persons who deposited the same, without expense to such person. Certificates for such unpurchased Shares shall be forwarded by you at your option by: (i) first class mail under a blanket surety bond protecting you and the Purchaser from loss or liabilities arising out of the non-receipt or non-delivery of such Shares; or (ii) registered mail insured separately for the value of such Shares. If any such shares were tendered or purported to be tendered by means of a Confirmation containing an Agent's Message, you shall notify the Book-Entry Transfer Facility that transmitted said Confirmation of the Purchaser's decision not to accept the Shares.

12) At such time as you shall be notified by the Purchaser, you shall request the transfer agent for the Shares to effect the transfer of all Shares purchased pursuant to the Offer and to issue certificates for such Shares so transferred, in accordance with written instructions from the Purchaser, and upon your receipt thereof notify the Purchaser. The Purchaser shall be responsible to arrange for delivery of the certificates.

13) You shall take all reasonable action with respect to the Offer as

may from time to time be requested by the Purchaser, or the Information Agent. You are authorized to cooperate with and furnish information to the Information Agent, any of its representatives or any other organization (or its representatives) designated, in writing, from time to time by the Purchaser, in any manner reasonably requested by any of them in connection with the Offer and tenders thereunder.

14) Whether or not any Shares are tendered or the Offer is consummated, for your services as Depositary hereunder, we shall pay to you compensation of $12,500.00, together with reimbursement for out-of-pocket expenses, including reasonable fees and disbursements of your counsel. Fees shall be payable on the day the Shares are purchased by the Purchaser.

15) As Depositary hereunder you:

(a) shall have no duties or obligations other than those specifically set forth herein or in Exhibits A, B, and C hereto, or as may subsequently be agreed to in writing by you and the Purchaser and no implied duties or obligations shall be read into this agreement against you;

(b) shall have no obligation to make any payment for any tendered Shares unless the Purchaser shall have provided the necessary federal or other immediately available funds to pay in full amounts due and payable with respect thereto;

(c) shall be regarded as making no representations and having no responsibilities as to the legality, validity, sufficiency, value, or genuineness of any certificates or the Shares represented thereby deposited with you or tendered through an Agent's Message hereunder and will not be required to and will make no representations as to or be responsible for the legality, validity, sufficiency, value or genuineness of the Offer;

(d) shall not take any legal action hereunder, without the prior written approval of Purchaser, and where the taking of such action might be in your sole judgment subject or expose you to any expense or liability, you shall not be required to act unless you shall have been furnished with an indemnity reasonably satisfactory to you;

(e) may rely on and shall be authorized and protected in acting or failing to act upon any certificate, instrument, opinion, notice, letter, telegram, telex, facsimile transmission, Agent's Message or other document or security delivered to you and believed by you to be genuine and to have been signed by the proper party or parties;

(f) may rely on and shall be authorized and protected in acting or failing to act upon the written, telephonic, electronic and oral instructions, with respect to any matter relating to your actions as Depositary covered by this Agreement (or supplementing or qualifying any such actions) of officers of the Purchaser;

(g) may consult counsel satisfactory to you and the written advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by you hereunder in good faith and in accordance with such advice of such counsel;

(h) shall not at any time advise any person tendering or considering tendering pursuant to the Offer as to the wisdom of making such tender or as to the market value of any security tendered thereunder;

(i) may perform any of your duties hereunder either directly or through agents or attorneys and you shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with reasonable care by you hereunder;

(j) shall not be liable or responsible for any recital or statement contained in the Offer or any other documents relating thereto;

(k) shall not be liable or responsible for any failure of the Purchaser to comply with any of its obligations relating to the Offer, including without limitation obligations under applicable securities laws;

(l) are not authorized, and shall have no obligation, to pay any brokers, dealers, or soliciting fees to any person, including without limitation the Information Agent, and

(m) shall not be liable or responsible for any delay, failure, malfunction, interruption or error in the transmission or receipt of communications or messages through electronic means to or from a Book-Entry Facility, or for the actions of any other person in connection with any such message or communication.

16) The Purchaser covenants to indemnify and hold you and your officers, directors, employees, agents, contractors, subsidiaries and affiliates harmless from and against any loss, liability, damage or expense (including without limitation any loss, liability, damage or expense incurred for submitting for transfer Shares tendered without a signature guarantee pursuant to the Letter of Transmittal, or in connection with any communication or message transmitted through electronic means to or from a Book-Entry Transfer Facility, and the fees and expenses of counsel) incurred (a) without negligence or willful misconduct or (b) as a result of your acting or failing to act in accordance with the terms of this Agreement or upon the instructions of the Purchaser, or the Information Agent arising out of or in connection with the Offer, this Agreement or the administration of your duties hereunder, including without limitation the costs and expenses of defending and appealing against any action, proceeding, suit or claim in the premises. In the event of the assertion against any indemnified party of any such claim or the commencement of any such action or proceeding you shall promptly after receiving notice of any assertion or the commencement of any such action or proceeding, notify the Purchaser by letter (or facsimile

confirmed by letter) of the fact of such assertion and/or commencement and failure to so notify shall not relieve the Purchaser of any liability for indemnification with respect to such assertion or claim except to the extent the

Purchaser is prejudiced by such failure. The Purchaser shall be entitled to participate at its own expense in the defense of any such action, proceeding, suit or claim and if the Purchaser so elects, assume the defense of such claim. Notwithstanding the Purchaser's election to assume the defense or investigation of such claim, action or proceeding, you shall have the right to employ separate counsel at the Purchaser's expense, if in the opinion of counsel to you, use of counsel of the Purchaser's choice could reasonably be expected to give rise to a conflict of interest. You agree not to settle any claim or litigation in connection with any claim or liability with respect to which you may seek indemnification from the Purchaser without the prior consent of the Purchaser.

17) Unless terminated earlier by the parties hereto, this Agreement shall terminate upon (a) Purchaser's termination or withdrawal of the Offer, or (b) if Purchaser does not terminate or withdraw the Offer, the date which is six months after the later of (i) your sending of checks to tendering stockholders in accordance with Section 9 (a) hereof and (ii) your delivery of Certificates to the Purchaser in accordance with Section 12 hereof. Upon any termination of this Agreement, you shall promptly deliver to the Purchaser any certificates, funds or other property then held by you as Depositary under this Agreement, and after such time any party entitled to such certificates, funds or property shall look solely to the Purchaser and not the Depositary therefor, and all liability of the Depositary with respect thereto other than liabilities relating to periods prior to such termination shall cease, provided, however, that the Depositary, before being required to make such delivery to the Purchaser, may at the expense of the Purchaser cause to be published in a newspaper of general circulation in the City of New York, or mail to each person who has tendered Shares but not received payment, or both, notice that such certificates, funds or property remain unclaimed and that after a date specified therein, which shall not be less than 30 days from the date of publication or mailing, any unclaimed balance of such certificates, funds or property will be repaid to the Purchaser. Sections 10(b), 14, 15 and 16 shall survive any termination of this Agreement.

18) In the event that any claim of inconsistency between this Agreement and the terms of the Offer arise, as they may from time to time be amended, the terms of the Offer shall control, except with respect to the duties, liabilities and rights, including without limitation compensation and indemnification, of you as Depositary, which shall be controlled by the terms of this Agreement.

19) If any provision of this Agreement shall be held illegal, invalid, or unenforceable by any court, this Agreement shall be construed and enforced as if such provision had not been contained herein and shall be deemed an Agreement among us to the full extent permitted by applicable law.

20) Purchaser represents and warrants that (a) it is duly incorporated,

validly existing and in good standing under the laws of its jurisdiction of incorporation, (b) the making and consummation of the Offer and the execution, delivery and performance of all transactions contemplated thereby (including without limitation this Agreement) have been duly authorized by all necessary corporate action and will not result in a breach of or constitute a default under the certificate of incorporation or by-laws of the Purchaser or any indenture, agreement, or instrument to which it is a party or by which it is bound, and (c) this Agreement has been duly

executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser.

21) Except as expressly set forth elsewhere in this Agreement, all notices, instructions and communication under this Agreement shall be in writing, shall be effective upon receipt and shall be addressed, if to the Purchaser, to its address set forth beneath its signature on this Agreement, or, if to the Depositary, to Harris Trust Company of New York, Wall Street Plaza, 88 Pine Street-19th Floor, New York, New York 10005, Attention: Vice President, or to such other address as a party hereto shall notify the other parties.

22) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to conflict of laws, rules or principles, and shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto; provided that this Agreement may not be assigned by any party without the prior written consent of the other party and any purported assignment without such consent shall be null and void.

23) It is understood and agreed that the securities, money or property to be deposited with or received by you as Depositary (the "Property") constitute a special, segregated account, held solely for the benefit of the Purchaser and stockholders tendering Shares, as their interests may appear, and the Property shall not be commingled with the money, assets or properties of you or any other person, firm or corporation. You hereby waive any and all rights of lien, attachment or set-off whatsoever, if any, against the Property so to be deposited, whether such rights arise by reason of the statutory common law of New York, contract or otherwise.

24) Set forth in Exhibit D hereto is a list of the names and specimen signature of the persons authorized to act for the Purchaser under this Agreement. The Secretary of the Purchaser shall, from time to time, certify to you the names and signatures of any other persons authorized to act for the Purchaser under this Agreement.

25) No provision of this Agreement may be amended, modified and waived, except in writing signed by all of the parties hereto.

26) Any instructions given to you orally, as permitted by any provision of this Agreement, shall be confirmed in writing by the Purchaser, or the Information Agent, as the case may be, as soon as practicable. You shall not be liable or responsible and shall be fully protected for acting, or failing to act, in accordance with any oral instructions which do not conform with the written confirmation received in accordance with this Section.

Please acknowledge receipt of this Letter, the Offer to Purchase, the Letter of Transmittal, and the Notice of Guaranteed Delivery, and confirm the arrangements herein provided by signing and returning the enclosed copy hereof, whereupon this Agreement and your acceptance of the terms and conditions herein provided shall constitute a binding Agreement between us.

Very truly yours,

DLZ CORP.

By: /s/ Vinita Gupta

Its: President

Accepted as of the date first above written:

HARRIS TRUST COMPANY OF NEW YORK,

By: /s/ Richard Campbell

Its: Vice President

Harris Trust Company of New York

Exhibit A	Offer to Purchase
Exhibit B	Letter of Transmittal
Exhibit C	Notice of Guaranteed Delivery

EXHIBIT D

(Company's Letterhead)

<TABLE>
<CAPTION>

Name	Specimen Signatures	Position
<S>	<C>	<C>
Vinita Gupta	/s/ Vinita Gupta	Chief Executive Officer, President, Secretary and Treasurer

</TABLE>

EXHIBIT (C)(4)

AGREEMENT OF JOINT FILING

In accordance with Rule 13d-1(f) promulgated under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with all other Reporting Persons (as such term is defined in the Schedule 13D referred to below) on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the Common Stock of beneficial interest, no par value per share, of Digital Link Corporation, a California corporation, and that this Agreement may be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement as of the 10th day of September, 1999.

DLZ CORP.

By: /s/ VINITA GUPTA

Name: Vinita Gupta
Title: President and Chief Executive Officer

GUPTA CHILDREN'S TRUST AGREEMENT

By: /s/ VINITA GUPTA

Name: Vinita Gupta
Title: Trustee

By: /s/ NARENDRA K. GUPTA

Name: Narendra K. Gupta
Title: Trustee

THE NARENDRA AND VINITA GUPTA
LIVING TRUST

By: /s/ VINITA GUPTA

Name: Vinita Gupta
Title: Trustee

By: /s/ NARENDRA K. GUPTA

Name: Narendra K. Gupta
Title: Trustee

THE NARENDRA K. AND VINITA GUPTA CHARITABLE FOUNDATION

By: /s/ VINITA GUPTA

Name: Vinita Gupta
Title: Trustee

By: /s/ NARENDRA K. GUPTA

Name: Narendra K. Gupta
Title: Trustee

/s/ VINITA GUPTA

Vinita Gupta

/s/ NARENDRA K. GUPTA

Narendra K. Gupta

Exhibit 99(g)(1)

FILED

SEP-3 PM 3:45

STEPHEN M. LOVE
COUNTY CLERK
SANTA CLARA COUNTY

Kevin J. Yourman (147159)
Vahn Alexander (167373)
Behram V. Parekin (180361)
WEISS & YOURMAN
10940 Wilshire Boulevard, 24th Floor
Los Angeles, CA 90024
(310) 208-2800

Sandy Liebhard
BERNSTEIN, LIEBHARD &
LIFSHITZ LLP
10 East 40th Street
New York, NY 10016
(212) 779-1414

ATTORNEYS FOR PLAINTIFF

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SANTA CLARA

EDWARD ABOFF, On Behalf Of Himself And All Others Similarly Situated, Plaintiff, vs. RICHARD C. ALBERDING, LOUIS GOLM, NARENDRA K. GUPTA, VINITA GUPTA, STEPHEN L. VON RUMP, DIGITAL LINK CORPORATION and DOES 1-50 inclusive, Defendants.	CASE NO.: CLASS ACTION COMPLAINT FOR BREACH OF FIDUCIARY DUTIES AND INJUNCTIVE RELIEF JURY TRIAL DEMAND

[ILLEGIBLE] CASE MANAGEMENT SYSTEM

TEAM: Sponkler CMC DATE: JAN 04 2000 @ 10 AM

CMC NOTICE: ---------- BY: [ILLEGIBLE] ----------

Plaintiff, by his undersigned attorneys, for his complaint against defendants, alleges upon knowledge as to himself and his own acts, and upon information and belief, as to all other matters, as follows:

1. Plaintiff brings this action, individually and as a class action on behalf of all persons, other than defendants, who own the common stock of Digital Link Corporation ("Digital Link" or the "Company") and who are similarly situated, to enjoin the consummation of the proposed acquisition of Digital Link by defendant Vinita Gupta ("Gupta"), through DLZ Corporation ("DLZ"). Defendant Gupta, Digital Link's founder and chief executive officer, currently owns approximately 50% of the Company. In a definitive merger agreement, defendant Gupta has offered to purchase the remaining shares of Digital Link, which she does not already own, for $10.30 a share in cash in an attempt to take the Company private. The deal is valued at approximately $41.2 million and is to take place through a tender offer commencing on September 10, 1999. Alternatively, in the event that the transaction is consummated, plaintiff seeks to recover damages caused by the breach of fiduciary duties of care, candor and loyalty, described herein, owed by all defendants.

2. The proposed transaction and the acts of defendants constitute a breach of defendants' fiduciary duties to plaintiff and the class to take all necessary and appropriate steps to obtain the maximum value realizable for the shareholders of Digital Link.

PARTIES

3. Plaintiff Edward Aboff is, and has been since prior to the announcement of the proposed transaction described herein, the owner of shares of common stock of Digital Link.

4. Defendant Digital Link is a California corporation headquartered at 217 Humboldt Court, Sunnyvale, CA 94089. The Company was incorporated in May of 1985 and trades on the NASDAO under the ticker symbol "DLNK." Digital Link makes, markets and supports products that provide access to private wide area networks ("WANs") based on dedicated leased lines and public WANs based on centralized switching networks such as Internet, Frame Relay, Switched Multimegabit Data Service and Asynchronous Transfer Mode. Digital Link's products allow

local area network ("LAN") based internetworking devices, such as routers to access WANs and also integrate data with digitized voice and video traffic for more efficient line utilization. The Company's products are used both in the customer premise equipment environment and in the networks of interexchange carriers, Internet service providers and telephone companies. Digital Link's products are sold in North America, Europe, South America and Asia mainly through its direct sales force, value added resellers and original equipment manufacturers.

5. Defendant Vinita Gupta ("Gupta") is the founder of the Company and has served as Chairman of the Board since its formation in May of 1985. She has also served as Chief Executive Officer of the Company from May 1985 to September 1996 and from January 1999 to the present. Defendant Gupta has further served as President of the Company from May 1985 to March 1995, from October 1995 to September 1996 and from January 1999 to the present. From March 1998 to January 1999, defendant Gupta was interim Chief Executive Officer and President of the Company. Currently, defendant Gupta owns approximately 50% of the shares of Digital Link.

6. Defendant Richard C. Alberding ("Alberding") has served as a director of the Company since December of 1994.

7. Defendant Louis Golm ("Golm") has served as a director of the Company since November of 1998.

8. Defendant Narendra K. Gupta ("N. Gupta") has served as a director of the Company since 1985.

9. Defendant Stephen L. Von Rump ("Von Rump") has served as a director of the Company since November of 1998.

10. The true names and capacities of defendants sued herein under CALIFORNIA CODE OF CIVIL PROCEDURE Section 474 as Does 1 through 50, inclusive, are presently not known to plaintiff, who therefore sues these defendants by such fictitious names. Plaintiff will seek to amend this Complaint and include these Doe defendants' true names and capacities when they are

ascertained. Each of the fictitiously named defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the Class.

11. Standing committees of the Board of Directors include an Audit Committee and a Compensation Committee. The Board of Directors does not have a nominating committee or any committee performing similar functions. From

January 1998 to November 1998, defendant Alberding and Mr. Greg Avis (a former director) served on the Company's Audit Committee and since November 1998, defendants Alberding and Golm have served on such Committee. The Audit Committee met three times during fiscal 1998. The Audit Committee meets with the Company's independent accountants to review the adequacy of the Company's internal control systems and financial reporting procedures, reviews the general scope of the Company's annual audit and the fees charged by the independent accountants, reviews and monitors the performance of non-audit services by the Company's auditors, reviews the fairness of any proposed transaction between any officer, director or other affiliate of the Company and the Company, and after such review, makes recommendations to the full Board of Directors and performs such further functions as may be required by any stock exchange or over-the-counter market upon which the Company's Common Stock is listed.

12. From January 1998 to July 1998, Mr. Alberding and Lance B. Boxer (a former director) served on the Company's Compensation Committee. From July 1998 to November 1998, defendant Alberding, Boxer and Alan I. Fraser (also a former director) served on this committee. From November 1998 to January 1999, defendant Alberding and Boxer served on such committee and since January 1999, defendants Alberding and Von Rump have served on the Compensation Committee. The Compensation Committee met six times and acted by written consent one time during fiscal 1998. The Compensation Committee administers the Company's 1992 Equity Incentive Plan and 1993 Employee Stock Purchase Plan and determines the salaries and other compensation for officers and certain other employees of the Company except that during the period over which the Stock Option Committee existed, the administration

of such plans and determinations regarding stock-based compensation were made by the Stock Option Committee.

13. In July 1998, the Company established a Stock Option Committee. While it was in effect, the Stock Option Committee was responsible for decisions regarding the grant of all forms of stock compensation provided to officers, directors, employees, consultants, independent contractors and advisors of the Company and for the administration of the Company's 1992 Equity Incentive Plan and the 1993 Employee Stock Purchase Plan. From July 1998 to December 1998, defendant Alberding and Boxer served on the Company's Stock Option Committee. The Stock Option Committee was combined with the Company's Compensation Committee effective December 1998.

14. Defendants Gupta, Alberding, Golm, N. Gupta and Von Rump (collectively the "Individual Defendants"), by reason of their corporate directorship and/or executive positions, stand in a fiduciary position relative to Digital Link's shareholders, which fiduciary relationship, at all times relevant herein, required the Individual Defendants to exercise their best judgment and to act in a prudent manner and in the best interests of Digital Link's shareholders. A director is not permitted to act in his/her own self-interest to the detriment

of the shareholders.

15. Defendant Gupta, as a controlling shareholder of the Company, also stands in a fiduciary position relative to Digital Link's other shareholders, which fiduciary relationship, at all times relevant herein, required Gupta to exercise her best judgment and to act in a prudent manner and in the best interests of all of Digital Link's shareholders. A controlling shareholder is not permitted to act in its own self-interest to the detriment of the shareholders.

16. Each defendant herein is sued individually as a conspirator and aider and abettor, as well as in such defendant's capacity as an officer and/or director or majority shareholder of Digital Link, and the liability of each arises from the fact that he, she, or it has engaged in all or part of the unlawful acts, plans, schemes, or transactions complained of herein.

JURISDICTION AND VENUE

17. This Court has proper jurisdiction over this action pursuant to Section 410.10 of the CALIFORNIA CODE OF CIVIL PROCEDURE. The violations of law complained of herein occurred in this county. Furthermore, the amounts in controversy exceed the jurisdictional minimum of this Court.

18. Venue is proper in the Superior Court of the County of Santa Clara pursuant to CALIFORNIA CODE OF CIVIL PROCEDURE Sections 395 and 395.5

CLASS ACTION ALLEGATIONS

19. Plaintiff brings this action individually on his own behalf and as a class action, on behalf of all stockholders of Digital Link (except defendants herein, and any person, firm, trust, corporation, or other entity related to or affiliated with any of the defendants) and their successors in interest, who are or will be threatened with injury arising from defendants' actions as more fully described herein (the "Class").

20. This action is properly maintained as a class action.

21. The class is so numerous that joinder of all members is impracticable. As of September 1999, there were over 8,000,000 shares of Digital Link common stock outstanding. The disposition of their claims in a class action will be of benefit to the parties and the Court. The record holders of Digital Link's common stock can be easily determined from the stock transfer journals maintained by Digital Link or its agents.

22. A class action is superior to other methods for the fair and efficient adjudication of the claims herein asserted, and no unusual difficulties are likely to be encountered in the management of this action as a class action.

23. There is a well-defined community of interests in the questions of law and fact involved affecting the members of the Class. Among the questions of law and fact which are common to the Class, which predominate over questions affecting any individual class member are, INTER ALIA, the following:

a. whether the proposed transaction is fair or unfair to the public stockholders of Digital Link;

b. whether defendants have failed to disclose all material facts relating to the proposal including the potential positive future financial benefits which they expect to derive from Digital Link;

c. whether defendants willfully and wrongfully failed or refused to obtain or attempt to obtain a purchaser for the assets of Digital Link at a higher price than the DLZ proposal;

d. whether plaintiff and the other members of the Class would be irreparably damaged were the transaction complained of herein consummated;

e. whether defendants have breached or aided and abetted the breach of the fiduciary and other common law duties owed by them to plaintiff and the members of the Class; and

f. whether plaintiff and the members of the Class have been damaged and what is the proper measure of damages.

24. Plaintiff is a member of the Class and is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and plaintiff has the same interests as the other members of the Class. Plaintiff does not have interests antagonistic to or in conflict with those they seek to represent. Plaintiff is an adequate representative of the Class.

25. The likelihood of individual class members prosecuting separate individual actions is remote due to the relatively small loss suffered by each Class member as compared to the burden and expense of prosecuting litigation of this nature and magnitude. Absent a class action, defendants are likely to avoid liability for their wrongdoing, and Class members are unlikely to obtain redress for their wrongs alleged herein. This Court is an appropriate forum for this dispute.

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SUBSTANTIVE ALLEGATIONS

26. Digital Link is a leading provider of high-performance, cost-effective, digital network access products for both narrowband and broadband applications. The Company offers access solutions that increase the level of intelligence at the demarcation point where LANs and WANs meet. These products are used by Internet Service Providers and carriers as infrastructure equipment, and by enterprises for connectivity to WAN services. Digital Link was founded in 1985 by Vinita Gupta, who is currently its Chairman and CEO.

27. In 1998, Digital Link announced that it had made a commitment to rebuild itself with the goal of enhancing shareholder value, with it being a company priority to take the necessary actions to improve earnings, revenue, and market share for the long term.

28. The Company was successful, returning to profitability in the fourth quarter of fiscal 1998, and seeing its stock price increase steadily from a 52 week low of $3.06 set in October, 1998.

29. At close of business on January 20, 1999, Digital Link announced its fourth quarter and year end 1998 results. EPS for the fourth quarter was $.05 per share as compared to a $.05 loss the previous year. Vinita Gupta, the Chairperson & CEO, stated that "[w]e are pleased with the progress made in the last three months. We need to focus on strong and consistent execution for the long-term success of the Company."

30. The stock price of Digital Link skyrocketed from a close of $6 on January 20, 1999 to reach a new record high of $10.25 on the news. On the same day, industry analyst Dain Rauscher upgraded Digital Link from a Neutral to a Bury rating.

31. At close of business on April 14, 1999, Digital Link announced first quarter results with increased revenue and earnings. The press release stated that:

> For the first quarter 1999, net sales increased 5% over the first quarter of 1998 to $15,232,000 compared to $14,519,000 for the same period of the prior year.
>
> Net income for the first quarter of 1999 was $912,000 compared to $49,000 for the same period in 1998, AN INCREASE OF 1761%. Earnings per

> share for the quarter were $0.11 compared to $0.01 for the same period in 1998.

"It was a tremendous quarter with revenue and profit growth," said Vinita Gupta, chief executive officer and chairman of the board of Digital Link. "We experienced strong revenue growth both in our broadband products and our international market." (1)

32. On that same day, Digital Link announced that its board had authorized a repurchase of up to 500,000 shares for cash. The press release stand that:

Vinita Gupta, chief executive officer and chairman of the board of directors of Digital Link noted that the Board decided to pursue this course of action after a review of the Company's financial position and investment alternatives. Ms. Gupta said, "With current market conditions, we have an opportunity to buy back our shares at what we believe are very attractive levels. Our current strong cash position allows us to implement this repurchase plan without adversely impacting our internal investment programs."

33. On July 13, 1999, Digital Link announced financial results for its second quarter ended June 30, 1999. The Press Release stated that:

For the second quarter 1999, net sales increased 22% to $15,623,000, compared to net sales of $12,797,000 for the same period of the prior year. Year-to-date, net sales were $30,855,000 from $27,317,000 for the same period of the prior year, an increase of 13%.

Net income for the second quarter of 1999 was $904,000 compared to a net loss of $2,686,000 for the second quarter of 1998. Net income for the first six months of 1999 was $1,817,000 as compared to a net loss of $2,637,000 for the same period of the prior year.

Earnings per share for the quarter were $0.11, compared to a $0.29 loss per share for the same period in 1998. Year-to-date, earnings per share were $0.22, compared to a $0.28 loss per share for the first six months in 1998.

"I AM PLEASED WITH THE PROGRESS MADE OVER THE LAST SIX MONTHS. IN ADDITION TO IMPROVED REVENUES AND PROFITS, WE INTRODUCED SEVERAL NEW SIGNIFICANT PRODUCTS DURING THE QUARTER," SAID VINITA GUPTA, CHIEF EXECUTIVE OFFICER AND CHAIRMAN OF THE BOARD OF DIGITAL LINK. "ALSO, WE HAVE A NEW MANAGEMENT TEAM IN PLACE WHICH IS FOCUSED ON AGGRESSIVELY EXECUTING OUR STRATEGY."

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(1) Emphasis added unless otherwise indicated.

34. Shares of Digital Link again skyrocketed on the news, going from $9.25 on the previous day to a 52 week high of $12.125 the following day. Further, this was the second quarter in a row where Digital Link had bent analysis estimates.

35. On September 3, 1999, Digital Link announced that it had executed a definitive merger agreement with DLZ Corporation, a closely held corporation formed by Vinita Gupta, Digital Link's Chairman of the Board, CEO, and controlling shareholder. Under the terms of the agreement, DLZ will commence a tender offer for all Digital Link common stock for $10.30 in cash.

36. Digital Link and the Individual Defendants are effectively unloading the Company at bargain prices to the detriment of Digital Link's minority shareholders and to the benefit of Vinita Gupta, owner of approximately 50% of Digital Link's outstanding shares and the Company's controlling shareholder. Defendants' intention to pursue the merger transaction is in breach of their fiduciary duties of care, candor, and loyalty owed to Digital Link's stockholders to take all necessary steps to ensure that Digital Link's stockholders will receive the maximum value realizable for their shares in any extraordinary transaction involving the Company.

37. The intrinsic value of the equity of the Company is materially greater than the consideration proposed, taking into account, INTER ALIA, Digital Link's asset value, liquidation value, expected growth, full extent of its future earnings potential, expected increase in profitability, strength of its business, its revenues, cash flow, and earnings power. Digital Link is a very valuable, growing and desirable communications company and defendants, specifically Gupta, are attempting to exclude the minority shareholders from these future gains.

38. The defendants' willingness to entertain the proposed offer requires them to take all reasonable steps to assure the maximization of stockholder value, including the implementation of a bidding mechanism to foster a fair auction of the Company to the highest bidder or the exploration of strategic alternatives which will return greater or equivalent short-term value to the plaintiff and the Class.

39. Defendants, knowing all of the above, have failed to take the necessary and appropriate steps to obtain the maximum value realizable for the public shareholders of Digital Link.

40. There is no indication that Digital Link's board of directors has taken any steps to ensure that the interests of Digital Link's stockholders, in maximizing the value of their holdings, were protected by conducting an auction

for Digital Link, soliciting other offers, otherwise seeking out other potential purchasers or the highest possible bid for the Company, or exploring strategic alternatives which will obtain the highest possible price for Digital Link's stockholders or return greater or equivalent value to the plaintiff and the class.

41. Further, by accepting the merger proposal without seeking out other purchasers, defendants have inhibited the chances of receiving competing offers. If the transaction is consummated, Digital Link's shareholders will be deprived of the opportunity for substantial gains which the Company may have realized.

42. By reason of the foregoing, defendants herein have willfully participated in unfair dealing toward plaintiff and the other members of the Class and have engaged in and substantially assisted and aided and abetted each other in breach of the fiduciary duties owed by them to the Class.

43. Defendants have violated fiduciary and other common law duties owed to the plaintiff and the other members of the Class in that they have not and are not exercising independent business judgment, and have acted and are acting to the detriment of the Class.

44. As a result of the actions of defendants, plaintiff and the Class have been and will be damaged in that they are not receiving the fair value of their Digital Link shares.

45. Unless enjoined by this Court, defendants will continue to breach their fiduciary duties owed to plaintiff and the Class, and will succeed in excluding the Class from its fair proportionate share of Digital Link's assets and businesses, all to the irreparable harm of the Class.

46. Plaintiff and the Class have no adequate remedy of law.

FIRST CAUSE OF ACTION

AGAINST ALL DEFENDANTS
FOR BREACH OF FIDUCIARY DUTIES OF CARE, CANDOR, AND LOYALTY

47. Plaintiff hereby incorporates by reference the foregoing paragraphs as though fully set forth herein.

48. By virtue of plaintiff's purchase of Digital Link's common stock, and the defendants' positions as directors and/or officers and majority shareholder of the Company, and because plaintiff reposed trust and confidence in them, the defendants owed to plaintiff fiduciary duties of care, candor and loyalty of the highest good faith, integrity and fair dealing.

49. In taking and/or failing to take the actions heretofore alleged, defendants violated their fiduciary obligations to plaintiff.

50. As a proximate result of defendants' aforesaid conduct, plaintiff was damaged by injury to his property, lost profits, loss of future income, and other general and specific damages.

WHEREFORE, plaintiff prays for judgment and relief as follows:

(1) declaring that this lawsuit is properly maintainable as a class action and certifying plaintiff as representative of the Class;

(2) declaring that the defendants and each of them have committed or aided and abetted in a breach of their fiduciary duties to plaintiff and the other members of the Class;

(3) declaring the transaction to be a nullity;

(4) preliminarily and permanently enjoining defendants and all persons acting under, in concert with, or for them, from proceeding with, consummating or closing the transaction;

(5) in the event the transaction is consummated rescinding it and setting it aside;

(6) ordering defendants, jointly and severally, to account to plaintiff and the Class for all profits realized and to be realized by them as a result of the transaction complained of and, pending such accounting, to hold such profits in a constructive trust for the benefit of plaintiff and other members of the Class;

39. Defendants, knowing all of the above, have failed to take the necessary and appropriate steps to obtain the maximum value realizable for the public shareholders of Digital Link.

40. There is no indication that Digital Link's board of directors has taken any steps to ensure that the interests of Digital Link's stockholders, in maximizing the value of their holdings, were protected by conducting an auction for Digital Link, soliciting other offers, otherwise seeking out other potential purchasers or the highest possible bid for the Company, or exploring strategic alternatives which will obtain the highest possible price for Digital Link's stockholders or return greater or equivalent value to the plaintiff and the class.

41. Further, by accepting the merger proposal without seeking out other purchasers, defendants have inhibited the chances of receiving competing offers.

If the transaction is consummated, Digital Link's shareholders will be deprived of the opportunity for substantial gains which the Company may have realized.

42. By reason of the foregoing, defendants herein have willfully participated in unfair dealing toward plaintiff and the other members of the Class and have engaged in and substantially assisted and aided and abetted each other in breach of the fiduciary duties owed by them to the Class.

43. Defendants have violated fiduciary and other common law duties owed to the plaintiff and the other members of the Class in that they have not and are not exercising independent business judgment, and have acted and are acting to the detriment of the Class.

44. As a result of the actions of defendants, plaintiff and the Class have been and will be damaged in that they are not receiving the fair value of their Digital Link shares.

45. Unless enjoined by this Court, defendants will continue to breach their fiduciary duties owed to plaintiff and the Class, and will succeed in excluding the Class from its fair proportionate share of Digital Link's assets and businesses, all to the irreparable harm of the Class.

46. Plaintiff and the Class have no adequate remedy of law.

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FOR BREACH OF FIDUCIARY DUTIES OF CARE, CANDOR, AND LOYALTY

47. Plaintiff hereby incorporates by reference the foregoing paragraphs as though fully set forth herein.

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49. In taking and/or failing to take the actions heretofore alleged, defendants violated their fiduciary obligations to plaintiff.

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(3) declaring the transaction to be a nullity;

(4) preliminarily and permanently enjoining defendants and all persons acting under, in concert with, or for them, from proceeding with, consummating or closing the transaction;

(5) in the event the transaction is consummated rescinding it and setting it aside;

(6) ordering defendants, jointly and severally, to account to plaintiff and the Class for all profits realized and to be realized by them as a result of the transaction complained of and, pending such accounting, to hold such profits in a constructive trust for the benefit of plaintiff and other members of the Class;

(7) ordering defendants to permit a stockholders' committee comprised of class members and their representatives only to ensure a fair procedure, adequate procedural safe-guards, and independent input by plaintiff and the Class in connection with any transaction for the shares of Digital Link;

(8) awarding compensatory damages against defendants, jointly and severally, in the amount to be determined at trial, together with prejudgment interest at the maximum rate allowable by law;

(9) awarding plaintiff and the Class their costs and disbursements and reasonable allowances for plaintiff's counsel and experts' fees and expenses; and

(10) granting such other and further relief as may be just and proper.

Dated: September 3, 1999

Kevin J. Yourman
Vahn Alexander
Behram B. Parekh
WEISS & YOURMAN

By: /s/ Vahn Alexander

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ATTORNEYS FOR PLAINTIFF

JURY DEMAND

Plaintiff demands a trial by jury of all issues so triable.

Dated: September 3, 1999

Kevin J. Yourman
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By: /s/ Vahn Alexander

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FILED

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[ILLEGIBLE]

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

WILLIAM LEVY, on Behalf of Himself and All Others Similarly Situated, Plaintiff, vs. DIGITAL LINK CORPORATION; VINITA GUPTA; RICHARD C. ALBERDING; LOUIS GOLM; NARENDRA K. GUPTA; STEPHEN L. VON RUMP and DOES 1-100, inclusive; Defendants.	Case No. CV784407 CLASS ACTION COMPLAINT FOR BREACH OF FIDUCIARY DUTY DEMAND FOR JURY TRIAL

COMPLAINT FOR BREACH OF FIDUCIARY DUTY

Plaintiff, William Levy, by his attorneys, alleges upon information and belief, except as to Paragraph 1 which is alleged upon personal knowledge, as follows:

THE PARTIES

1. Plaintiff William Levy ("plaintiff") is the owner of common stock of Digital Link Corporation ("Digital Link" or the "Company") and has been the owner of such shares continuously since prior to the wrongs complained of herein.

2. Defendant Digital Link is a corporation duly existing and organized under the laws of the State of California, with its principal executive offices located at 217 Humboldt Court, Sunnyvale, California. The Company designs, manufactures, markets, and supports digital wide-area network access products for global networks. Digital Link's products are used by Internet service providers and carriers as infrastructure equipment and by businesses for connectivity to wide-area networks.

3. Defendant Vinita Gupta ("Gupta") is and at all times relevant hereto has been President, Chief Executive Officer, and Chairman of the Board of Directors of Digital Link. Gupta founded the Company and currently owns approximately 50% of outstanding Digital Link common shares.

4. Defendant Narendra K. Gupta is ("Narendra Gupta") at all times relevant hereto has been a director of Digital Link. Narendra Gupta is the husband of defendant Gupta.

5. Defendants Richard C. Alberding, Louis Golm, and Stephen L. Von Rump are and at all times relevant hereto have been directors of Digital Link.

6. The defendants referred to in paragraphs 3 through 5 are collectively referred to herein as the "Individual Defendants."

7. By reason of the above Individual Defendants' positions with the Company as officers and/or directors, said individuals are in a fiduciary relationship with plaintiff and other public stockholders of Digital Link, and owe plaintiff and the other members of the class the higher obligations of good faith, fair dealing, due care, loyalty and full, candid and adequate disclosure.

8. The true names and capacities of defendants sued herein under California Code of Civil Procedure Section 474 as Does 1 through 100, inclusive, are presently not known to plaintiff, who

therefore sue these defendants by such fictitious names. Plaintiff will seek to amend this Complaint and include these Doe defendants' true names and capacities when they are ascertained. Each of the fictitiously named defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the Class.

CLASS ACTION ALLEGATIONS

9. Plaintiff brings this action on his own behalf and as a class action, pursuant to Section 382 of the California Code of Civil Procedure, on behalf of himself and holders of Digital Link common stock (the "Class"). Excluded from the Class are defendants herein and any person, firm, trust, corporation or other entity related to or affiliated with any of the defendants.

10. This action is properly maintainable as a class action.

11. The Class is so numerous that joinder of all members is impracticable. As of September 7, 1999, there were approximately 8.07 million shares of Digital Link common stock outstanding.

12. There are questions of law and fact which are common to the Class and which predominate over questions affecting any individual Class members. The common questions include, INTER ALIA, the following:

(a) whether the merger is grossly unfair to the Class;

(b) whether plaintiff and the other members of the Class would be irreparably damaged were the transactions complained of herein consummated; and

(c) whether defendants have breached their fiduciary and other common law duties owed by them to plaintiff and the other members of the Class.

13. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and plaintiff has the same interests as the other members of the Class. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

14. Plaintiff anticipates that there will be no difficulty in the management of this litigation.

15. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

SUBSTANTIVE ALLEGATIONS

16. On September 3, 1999, Digital Link announced that it had signed a definitive merger agreement with DLZ Corp., whereby DLZ Corp. will commence a tender offer for all of the outstanding shares of Digital Link it already does not own for $10.30 per share (the "Merger"). DLZ CORP. IS A PRIVATE COMPANY FORMED AND CONTROLLED BY DEFENDANT GUPTA.

17. Under the terms of the Merger Agreement, the tender offer will commence on September 10, 1999 and will be scheduled to expire at 12:00 midnight New York City time on October 15, 1999. The Merger is contingent upon DLZ Corp. owning an aggregate of 90% of the outstanding stock of Digital Link following completion of the tender offer.

18. The merger consideration to be paid to Class members is unconscionable, unfair and grossly inadequate because, among other things:

(a) The consideration agreed upon did not result from an appropriate consideration of the value of Digital Link as the Individual Defendants were presented with, and asked to evaluate, the proposed merger without any attempt to sufficiently ascertain the true value of Digital Link through open bidding or a "market check" mechanism; and

(b) Digital Link common stock traded as high as $12.125 per share as recently as July 14, 1999.

19. In agreeing to the proposed transaction, the defendants have violated their fiduciary duties owed to the public shareholders of Digital Link and have acted to put their personal interests ahead of those of Digital Link's public stockholders. Defendant Gupta is taking advantage of Digital Link's depressed stock price to buy out the Company's public shareholders for less than fair value.

20. The Individual Defendants have thus far failed to announce any active auction or open bidding procedures best calculated to maximize shareholder value and have, instead, agreed to the merger which will only serve to inhibit the maximization of shareholder value.

21. The individual Defendants were and are under a duty:

(a) to fully inform themselves of the market value of Digital Link before taking, or agreeing to refrain from taking, action:

(b) to act in the interests of the equity owners;

(c) to maximize shareholder value;

(d) to obtain the best financial and other terms when the Company's independent existence will be materially altered by a transaction; and

(e) to act in accordance with their fundamental duties of due care and loyalty.

22. By the acts, transactions and courses of conduct alleged herein, defendants, individually and as part of a common plan and scheme or in breach of their fiduciary duties to plaintiff and the other members of the Class, are attempting unfairly to deprive plaintiff and other members of the Class of the true value of their investment in Digital Link.

23. Digital Link shareholders will, if the transaction is consummated, be deprived of the opportunity for substantial gains which the Company may realize.

24. By reason of the foregoing acts, practices and course of conduct, defendants have failed to exercise ordinary care and diligence in the exercise of their fiduciary obligations toward plaintiff and the other Digital Link public stockholders.

25. As a result of the actions of defendants, plaintiff and the other members of the Class have been and will be damaged in that they have not and will not receive their fair proportion of the value of the Company's assets and businesses and will be prevented from obtaining appropriate consideration for their shares of Digital Link common stock.

26. Unless enjoined by this Court, defendants will continue to breach their fiduciary duties owed to plaintiff and the other members of the Class, and may consummate the proposed transaction which will exclude the Class from its fair proportionate share of the Company's valuable assets and businesses, and/or benefit them in the unfair manner complained of herein, all to the irreparable harm of the Class, as aforesaid.

27. Plaintiff and the Class have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in his favor and in favor of the Class and against defendants as follows:

A. Declaring that this action is properly maintainable as a class action;

B. Declaring and decreeing that the Merger Agreement was entered into in breach of the fiduciary duties of the Individual Defendants and is therefore unlawful and unenforceable;

C. Enjoining defendants from proceeding with the Merger Agreement;

D. Enjoining defendants from consummating the Merger, or a business combination with a third party, unless and until the Company adopts and implements a procedure of process, such as an auction, to obtain the highest possible price for the Company;

E. Directing the Individual Defendants to exercise their fiduciary duties to obtain a transaction which is in the best interests of shareholders until the process for the sale or auction of the Company is completed and the highest possible price is obtained;

F. Rescinding, to the extent already implemented, the Merger Agreement or any of the terms thereof;

G. Awarding plaintiff and the Class appropriate damages;

H. Awarding plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees; and

I. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED this 7th day of September, 1999.

MILBERG WEISS BERSHAD
HYNES & LERACH LLP
WILLIAM S. LERACH
DARREN J. ROBBINS
RANDALL J. BARON
RANDALL H. STEINMEYER

/s/ Darren J. Robbins

[STAMP]

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Attorneys for Plaintiff

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA CLARA

ANDREW CURTIS WRIGHT, On Behalf of Himself and All Others Similiarly Situated, Plaintiff, vs. DIGITAL LINK CORPORATION, VINITA GUPTA, RICHARD C. ALBERDING, LOUIS GOLM, NARENDRA K. GUPTA, STEPHEN L. VON RUMP, DLZ CORPORATION and DOES 1-100, inclusive Defendants.	Case No. CV784405 CLASS ACTION CLASS ACTION COMPLAINT BASED UPON SELF DEALING AND BREACH OF FIDUCIARY DUTY DEMAND FOR JURY TRIAL

[STAMP]

CLASS ACTION COMPLAINT

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Attorneys for Plaintiff

Plaintiff, by his attorneys, alleges as follows:

SUMMARY OF THE ACTION

1. This is a stockholder class action brought by plaintiff on behalf of the holders of Digital Link Corporation ("Digital" or the "Company") common stock against Digital and its directors arising out of defendants' efforts to complete a management-led buyout of Digital at a grossly inadequate and unfair price and their efforts to provide certain insiders and directors with preferential treatment at the expense of, and which is unfair to, the public shareholders.

2. On September 3, 1999, Digital announced that its CEO and Chairman Vinita Gupta together with DLZ Corporation had submitted an offer to the Digital Board (which is controlled by Vinita Gupta and her husband, who control approximately 50% of Digital's stock) to purchase the outstanding shares of Digital for $10.30 per share (the "Acquisition").

3. In pursuing the unlawful plan to cash out Digital's public stockholders for grossly inadequate consideration, each of the defendants violated the laws of the State of California by directly breaching and/or aiding the other defendants' breaches of their fiduciary duties of loyalty, due care, independence and good faith and fair dealing.

4. In fact, instead of attempting to obtain the highest price reasonably available for Digital for shareholders, the Individual Defendants spent a substantial effort tailoring the structural terms of the Acquisition to meet the specific needs of the Guptas.

5. In essence, the proposed Acquisition is the product of a hopelessly flawed process that was designed to ensure the sale of Digital to one buyer and one buyer only on terms preferential to the Guptas and to subvert the ineresets of plaintiff and the other public stockholdes of Digital. Plaintiff seeks to enjoin the proposed transaction or, alternatively, rescind the transaction and/or recover damages in the event that the transaction is consummated.

JURISDICTION AND VENUE

6. This Court has jurisdiction over the cause of action asserted

herein pursuant to the California Constitution, Article VI, Section 10, because this case is a cause not given by statute to other trial courts.

7. This Court has jurisdiction over Digital because Digital conducts business in California and is a citizen of California as it is incorporated in California and has its principal place of business at 217 Humboldt Court, Sunnyvale, California. Digital is a citizen of California. Likewise, plaintiff and certain of the Individual Defendants, including defendants Vinita Gupta and Narendra K. Gupta, are citizens of California. This action is not removable.

8. Venue is proper in this Court because the conduct at issue look place and had an effect in this County.

PARTIES

9. Plaintiff Andrew Curtis Wright is, and at all times relevant hereto was, a shareholder of Digital and is a citizen of the State of California.

10. Defendant Digital is a corporation organized and existing under the laws of the State of California, with its principal place of business located at 217 Humboldt Court, Sunnyvale, California. Digital operates in this County as a designer, manufacturer and marketer of digital wide-area network access products for global networks. Digital's common shares are listed and publicly traded on NASDAQ. As of April 28, 1999, Digital had 8.1 million shares outstanding held by thousands of shareholders.

11. Defendant Vinita Gupta is the founder, President, CEO and Chairman of the Board of Directors of Digital. Vinita Gupta is the wife of defendant Narendra K. Gupta -- also a director of Digital. Vinita Gupta beneficially owns and/or controls approximately 50% of Digital's outstanding shares. The Gupta family, together with DLZ Corporation are attempting to take Digital private in a management led buyout (the "MBO").

12. Defendant Narendra K. Gupta ("Narendra Gupta") is a director of the Company. Narendra Gupta is the husband of defendant Vinita Gupta, the President, CEO and Chairman of the Board of Directors. Narendra Gupta beneficially owns and/or controls approximately 50% of Digital's outstanding shares.

13. Defendant Louis Golm ("Golm") has served as a director and Senior Vice President of the Company since November 1993.

14. Defendant Richard Alberding ("Alberding") has served as a director of Digital since December 1994.

15. Defendant Stephen L. Von Romp ("Von Romp"), has served as a director of Digital since November 1998.

16. The true names and capacities of defendants sued herein under California Code of Civil Procedure SECTION 474 as Does 1 through 100, inclusive, are presently not known to plaintiff, who therefore sue these defendants by such fictitious names. Plaintiff will seek to amend this Complaint and include these Doe defendants' true names and capacities when they are ascertained. Each of the fictitiously named defendants is responsible in some manner for the conduct alleged herein and for the injuries suffered by the Class.

17. The defendants named above, Vinita Gupta, Narendra Gupta (collectively the "Guptas"), Alberding, Golm, and Von Romp are sometimes collectively referred to herein as the "Individual Defendants." As a result of their positions with Digital and/or their ownership of Digital shares, the Guptas' control the other Individual Defendants.

18. Defendant DLZ Corporation ("DLZ") is a corporation formed by defendant Vinita Gupta for the purposes of facilitating her efforts to acquire the remaining shares of Digital.

DEFENDANTS' FIDUCIARY DUTIES

19. In any situation where the directors of a publicly traded corporation undertake a transaction that will result in either (i) a change in corporate control or (ii) a break-up of the corporation's assets, the directors have an affirmative fiduciary obligation to obtain the highest value reasonably available for the corporation's shareholders, and if such transaction will result in a change of corporate control, the shareholders are entitled to receive a significant premium. To diligently comply with these duties, the directors may not take any action that:

(a) adversely affects the value provided to the corporation's shareholders;

(b) will discourage or inhibit alternative offers to purchase control of the corporation or its assets;

(c) contractually prohibits them from complying with fiduciary duties.

(d) will otherwise adversely affect their duty to search and secure the best value reasonably available under the circumstances for the corporation's shareholders; and/or

(e) will provide themselves with preferential treatment at the expense of, or separate from, the public shareholders.

20. In accordance with his/her duties of loyalty and good faith, the defendants as directors and/or officers of Digital are obligated to refrain from:

(a) participating in any transaction where the director's or officer's loyalties are divided;

(b) participating in any transaction where the directors or officers receive or are entitled to receive a personal financial benefit not equally shared by the public shareholders of the corporation; and/or

(c) unjustly enriching themselves at the expense or to the detriment of the public shareholders.

21. Plaintiff alleges herein that the Individual Defendants, separately and together, in connection with the Acquisition, violated the fiduciary duties owed to plaintiff and the other public shareholders of Digital including their duties of loyalty, good faith and independence, insofar as they stood on both sides of the transaction and engaged in self dealing and obtained for themselves personal benefits, including personal financial benefits not shared equally by plaintiff or the Class. As a result of the Individual Defendants' self-dealing and divided loyalties, neither plaintiff nor the Class will receive adequate or fair value for their Digital common stock in the proposed Acquisition.

22. Because the Individual Defendants have breached their duties of loyalty, good faith and independence in connection with the Acquisition, the burden of proving the inherent or entire fairness of the Acquisition, including all aspects of its negotiation, structure, price and terms, is placed upon the Individual Defendants as a matter of law.

CLASS ACTION ALLEGATIONS

23. Plaintiff brings this action pursuant to Section 382 of the California Code of Civil Procedure on their own behalf and as a class action on behalf of all holders of Digital stock who are being and will be harmed by defendants' actions described below (the "Class"). Excluded from the Class are

defendants herein and any other person, firm, trust, corporation, or other entity related to or affiliated with any defendants, or DLZ and its principals or affiliates.

24. This action is properly maintainable as a class action.

25. The Class is so numerous that joinder of all members is impracticable. According to Digital's SEC filings, there were more than 8.1 million shares of Digital common stock outstanding, as of April 28, 1999.

26. There are questions of law and fact which are common to the Class and which predominate over questions affecting any individual Class member. The common questions include, INTER ALIA, the following:

(a) whether defendants have breached their fiduciary duty of undivided loyalty, independence or due care with respect to plaintiffs and the other members of the Class in connection with the Acquisition;

(b) whether the Individual Defendants are engaging in self-dealing connection with the Acquisition;

(c) whether the Individual Defendants have breached their fiduciary duty to secure and obtain the best price reasonable under the circumstances for the benefit of plaintiff and the other members of the Class in connection with the Acquisition;

(d) whether the Individual Defendants are unjustly enriching themselves and other insiders or affiliates of Digital;

(e) whether defendants have breached any of their other fiduciary duties to plaintiffs and the other members of the Class in connection with the Acquisition, including the duties of good faith, diligence, honesty, and fair dealing;

(f) whether the defendants, in bad faith and for improper motives, have impeded or erected barriers to discourage other offers for the Company or its assets;

(g) whether the Acquisition compensations payable to plaintiff and the Class is unfair and inadequate; and

(h) whether plaintiff and the other members of the Class would be irreparably damaged were the transactions complained of herein consummated or alternatively whether they have suffered compensable damages.

27. Plaintiff's claims are typical of the claims of the other members of the Class and plaintiff does not have any interest adverse to the Class.

28. Plaintiff is an adequate representative of the Class, has retained competent counsel experienced in litigation of this nature and will fairly and adequately protect the interests of the Class.

29. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for the party opposing the Class.

30. Plaintiff anticipates that there will be no difficulty in the management of this litigation. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

31. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

THE PROPOSED ACQUISITION

32. Digital is a California corporation that operated as a designer, manufacturer and marketer of digital wide-area network access for global network. Defendants Vinita Gupta and Narendra Gupta control the Digital Board owning approximately 50% of Digital's outstanding shares. In addition to being directors of Digital, the Guptas are also director and founders of Integrated Systems, Inc. Since 1998, the Company, under the control of the Guptas, has paid Integrated Systems tens of thousands of dollars to lease office space.

33. On July 13, 1999, the Company revealed that its net sales had increased 22% to $15.6 million compared with $12.7 million for the same period the prior year. More significantly, the Company in its July 13, 1999 press release revealed that the Company's earnings had taken a turn

for the better. The Company then also revealed that compared with its second quarter loss for 1998 of $2.6 million, the Company had earned $900,000 for the second quarter 1999.

34. On September 3, 1999, Digital announced that defendant Vinita Gupta and her husband Narendra Gupta, who control approximately 50% of the outstanding shares of Digital, had submitted an offer to the Digital Board (which is controlled by the Guptas) to purchase the outstanding shares of Digital for $10.30 per share.

35. Under the terms of the merger agreement, DLZ, under the control and direction of Vinita Gupta, will commence a tender offer for all outstanding shares of Digital for $10.30 per share. The tender offer is scheduled to commence on September 10, 1999 and is scheduled to expire on October 15, 1999.

SELF DEALING

36. The self dealing, conflicts of interest and conduct harmful to the interests of the shareholders results from at least the following:

(a) The $10.30 price offered to the public shareholders is inadequate;

(b) Since the Guptas are partners in buying Digital, it is in their interest to buy the public's shares at the lowest possible price, $10.30. The realizable value from growth and a recovery of the Company's historic performance is far in excess of $10.30 per share. The $10.30 per share price does not reflect this fact nor the fact that the offer is a substantial discount to where Digital stock traded in the last two months.

(c) The Digital Board is fraught with conflicts. It consists of, and is controlled by, President Vinita Gupta as Chairman and CEO, and her husband Narendra Gupta, also a director. Combined the Guptas control approximately 50% of the outstanding shares.

(d) While Vinita Gupta was exploring personal opportunities to buy out Digital the conflicted Board did not search for competitive suitors.

37. The Aquisition is designed to essentially freeze Digital's public stockholders out of a large portion of the valuable assets which have produced, and defendants expect will continue to produce, substantial revenue and earnings and these assets are being sold for grossly inadequate consideration to the Guptas/DLZ.

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38. The price of $10.30 per share which DLZ and the Guptas' propose to pay to Class members is grossly unfair and inadequate because, among other things:

(a) The announcement of the proposed MBO was made at a time when the Company's stock price was trading almost 20% below where it had traded less than two months prior; and

(b) The Guptas timed the announcement of the MBO to place an artificial cap on the price for Digital's stock to enable them to acquire the stock at the lowest possible price.

39. If the Acquisition is consummated, plaintiff and the other members of the Class will no longer own shares in a "growth" company, but rather will be cashed out of their Digital shares for just $10.30 per share.

40. The shareholders have been denied the fair process and arm's-length negotiated terms to which they are entitled in a sale of their Company. The officers and directors are obligated to maximize shareholder value, not structure a preferential deal for themselves.

41. The director defendants are obligated to maximize the value of Digital to the shareholders. The Class members are being deprived of their right to a fair and unbiased process to sell the Company, and the opportunity to obtain maximum value and terms for their interests, without preferential treatment to the insiders.

42. By reason of their positions with Digital, the individual Defendants are in possession of non-public information concerning the financial condition and prospects of Digital, and especially the true value and expected increased future value of Digital and its assets, which they have not disclosed to Digital's public stockholders, including, but not limited to Digital's preliminary third quarter 1999 results. Moreover, despite their duty to maximize shareholder value, the defendants have clear and material conflicts of interest and are acting to better their own interests at the expense of Digital's public shareholders.

43. The Board members and advisors identified herein have irremediable positions of conflict and cannot be expected to act in the best interest of Digital's public stockholders in connection with this proposed MBO, as they are beholden to Vinita Gupta. Vinita Gupta, alone,

could vote each of them out of office if the other directors did not acquiesce with Vinita Gupta's plan to acquire Digital.

44. The proposed MBO is wrongful, unfair and harmful to Digital's public stockholders, and represents an effort by the Guptas to aggrandize their own financial position and interests at the expense of and to the detriment of Class members. The MBO is an attempt to deny plaintiff and the other members of the Class their right to share proportionately in the true value of Digital's valuable assets, and future growth in profits and earnings, while usurping the same for the benefit of DLZ and Vinita Gupta on unfair and inadequate terms.

45. As a result of defendants' unlawful actions, plaintiff and the other members of the Class will be damaged in that they will not receive their fair portion of the value of Digital's assets and business and will be prevented from obtaining the real value of their equity ownership of the Company.

46. In light of the foregoing, the Individual Defendants must, as their fiduciary obligations require:

- Undertake an appropriate evaluation of Digital's worth as an acquisition candidate.

- Act independently so that the interests of Digital's public stockholders will be protected, including, but not limited to, the retention of truly independent advisors and/or the appointment of a truly independent Special Committee.

- Adequately ensure that no conflicts of interest exist between defendants' own interests and their fiduciary obligation to maximize stockholder value or, if such conflicts exist, to ensure that all conflicts be resolved in the best interests of Digital's public stockholders.

- If an acquisition transaction is to go forward, require that it be approved by a majority of Digital's minority stockholders and require that Digital's third quarter 1999 results be revealed to the shareholders.

47. Vinita Gupta and Narendra Gupta, Vinita's husband, designed the Acquisition in a manner that best serves the interests of the Guptas and DLZ in order to secure for themselves personal benefits which will not be shared equally by plaintiff and the Class.

48. The Individual Defendants have also approved the Acquisition so that, in steps, it transfers 90+% of Digital's revenues and profits to Digital and the Guptas, thus the majority of Digital's operations will now accrue to the personal benefit of the Guptas and Digital. By contrast,

plaintiff and the Class will be frozen out from all but a minuscule portion of these revenues, earnings and profits.

COUNT 1
(CLAIM FOR BREACH OF FIDUCIARY DUTIES)

49. Plaintiff repeats and realleges each allegation set forth herein.

50. The defendants have violated fiduciary duties of care, loyalty, candor and independence owed to the public shareholders of Digital and have acted to put their personal interests ahead of the interests of Digital shareholders.

51. By the acts, transactions and courses of conduct alleged herein, defendants, individually and acting as a part of a common plan, are attempting

to unfairly deprive plaintiff and other members of the Class of the true value of their investment in Digital.

52. The Individual Defendants have violated their fiduciary duties by entering into a transaction with Digital without regard to the fairness of the transaction to Digital shareholders Defendants Digital and DLZ directly breached and/or aided and abetted the other defendants' fiduciary duties to plaintiff and the other holders of Digital stock.

53. As demonstrated by the allegations above, the defendant directors failed to exercise the care required, and breached their duties of loyalty, good faith, candor and independence owed to the shareholders of Digital because, among other reasons:

(a) they failed to take steps to maximize the value of Digital to its public shareholders and they took steps to avoid competitive bidding, to cap the price of Digital's stock and to give the Guptas/DLZ an unfair advantage, by, among other things, failing to solicit other potential acquirors or alternative transactions;

(b) they failed to properly value Digital;

(c) they ignored or did not protect against the numerous conflicts of interest resulting from the directors own interrelationships, or connection with the Gupta/DLZ transaction;

54. Because the Individual Defendants dominate and control the business and corporate affairs of Digital, and are in possession of private corporate information concerning Digital's assets (including Digital's preliminary third quarter 1999 results) business and future prospects, there

exists an imbalance and disparity of knowledge and economic power between them and the public shareholders of Digital which makes it inherently unfair for them to pursue any proposed transaction wherein they will reap disproportionate benefits to the exclusion of maximizing stockholder value.

55. By reason of the foregoing acts, practices and course of conduct, the defendants have failed to exercise ordinary care and diligence in the exercise of their fiduciary obligations toward plaintiff and the other members of the Class.

56. As a result of the actions of defendants, plaintiff and the Class have been and will be irreparably damaged in that they have not and will not receive their fair portion of the value of Digital's assets and businesses and have been and will be prevented from obtaining a fair price for their common stock.

57. Unless enjoined by this Court, the defendants will continue to breach their fiduciary duties owed to plaintiff and the Class, and may consummate the proposed Acquisition which will exclude the Class from its fair share of Digital's valuable assets and businesses, and/or benefit them in the unfair manner complained of herein, all to the irreparable harm of the Class, as aforesaid.

58. Defendants are engaging in self-dealing, are not acting in good faith toward plaintiff and the other members of the Class, and have breached and are breaching their fiduciary duties to the members of the Class.

59. As a result of the defendants unlawful actions, plaintiff and the other members of the Class will be irreparably harmed in that they will not receive their fair portion of the value of Digital's assets and business and will be prevented from obtaining the real value of their equity ownership of the Company. Unless the proposed Acquisition is enjoined by the Court, defendants will continue to breach their fiduciary duties owed to plaintiff and the members of the Class, will not engage in arm's-length negotiations on the Acquisition terms, and will not supply to Digital's minority stockholders sufficient information to enable them to cast informed votes on the proposed Acquisition and may consummate the proposed Acquisition, all to the irreparable harm of the members of the Class.

60. Plaintiff and the members of the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can plaintiff and the Class be fully protected from the immediate and irreparable injury which defendants' actions threaten to inflict.

COUNT II
(CLAIM FOR DAMAGES)

61. Plaintiff repeats and realleges each allegation set forth herein.

62. Alternatively, in the event the Acquisition transaction is consummated, plaintiff claims he has suffered monetary damages in an amount to be determined at trial.

PRAYER FOR RELIEF

WHEREFORE, plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in his favor and in favor of the Class and against defendants as follows:

A. Declaring that this action is properly maintainable as a class action;

B. Declaring and decreeing that the Acquisition agreement was entered into in breach of the fiduciary duties of the defendants and is therefore unlawful and unenforceable,

C. Enjoining defendants, their agents, counsel, employees and all persons acting in concert with them from consummating the Acquisition, unless and until the Company adopts and implements a procedure or process to obtain the highest possible price for shareholders;

D. Directing the Individual Defendants to exercise their fiduciary duties to obtain a transaction which is in the best interests of Digital's shareholders until the process for the sale or auction of the Company is completed and the highest possible price is obtained;

E. Rescinding, to the extent already implemented, the MBO or any of the terms thereof;

F. In the event the Acquisition is consummated, awarding compensatory damages against defendants, jointly and severally, in an amount to be determined at trial, together with pre-judgment interest at the maximum rate allowable by law;

G. Imposition of a constructive trust, in favor of plaintiff, upon any benefits improperly received by defendants as a result of their wrongful conduct;

H. Awarding plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees; and

I. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED this 7th day of September, 1999.

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