The following outline briefly summarizes certain of the proposed terms of the Project Merger transaction between Company A and Company B. No agreement providing for the proposal set forth herein shall be deemed to exist unless and until a final definitive agreement has been executed and delivered by, and approved by the respective Boards of Directors of, each of Company A and Company B. In addition, the proposal set forth herein is subject to satisfactory completion by Company A of its due diligence investigation of Company B.

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<td>Tax Matters</td>
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<td>6</td>
<td>Registration of Shares</td>
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| 7     | Employee Stock Options | All options to purchase shares of Company B capital stock outstanding at the closing will be assumed by Company A, subject to appropriate adjustment (based upon the exchange ratio described above) to the exercise price and the number of shares issuable upon the exercise of such options. The vesting restrictions applicable to all options to purchase shares of Company B capital stock will not accelerate in...
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<td>Issue</td>
<td>Description</td>
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<tr>
<td>13 No-Shop</td>
<td>Company B will agree not to solicit an alternative acquisition proposal or enter into any agreement with respect to an alternative acquisition proposal. Company B will agree to keep Company A advised of alternative acquisition proposals. Company B must hold a shareholder meeting to consider the transaction.</td>
</tr>
<tr>
<td>14 Break-up Fee</td>
<td>Company B will pay Company A a customary cash break-up fee of $20 million (4% of purchase price) if (i) Company B’s board of directors changes its recommendation in support of the transaction or recommends an alternative transaction, (ii) shareholder approval of the transaction represents less than 95% of Company B’s outstanding capital stock, (iii) or the definitive agreement is terminated at or prior to the Drop Dead Date, prior to such termination there has been a competing transaction proposal that has been publicly announced and, within 12 months of the termination of such definitive agreement, Company B enters into an acquisition agreement or letter of intent with a third party or a third party makes tenders for Company B capital stock.</td>
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<tr>
<td>15 Lock-up Option</td>
<td>At the time of execution of the definitive agreement, Company B will grant Company A an option to buy 19.9% of Company B at the purchase price, exercisable upon receipt by Company B of an alternative transaction proposal, commencement of a proxy solicitation with regard to Company B or failure of Company B’s board of directors to recommend the transaction to the Company B shareholders.</td>
</tr>
<tr>
<td>16 Affiliate Agreements</td>
<td>Company B shareholders who are affiliates of Company B will enter into affiliate agreements with Company A prior to the closing in order to comply with Rule 145 under the Securities Act.</td>
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<tr>
<td>17 Voting Agreements</td>
<td>At the time of the execution of the definitive agreement, selected officers and directors, and each holder of at least 5% in voting power of the outstanding shares of Company B capital stock, (i) will enter into voting agreements with Company A pursuant to which such persons will agree to vote for the transaction, and (ii) in the event that Company A elects to register shares of Company A common stock to be issued in the merger (rather than seek a fairness hearing), will grant Company A an irrevocable proxy to vote the shares owned by such person in favor of the transaction.</td>
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<tr>
<td>18 Employment Matters</td>
<td>Company A will offer employment to all of Company B’s employees at their current salary levels. All Company B employees who accept employment with Company A will be eligible to participate in Company A’s comprehensive benefit plan (effective at the closing) and will be eligible to participate in Company A’s stock option plans, bonus plans, employee stock purchase plans, 401(k) plans, etc. (effective at the closing), in each case in accordance with Company A’s general corporate policies and guidelines. All Company B employees who accept employment with Company A will receive full credit under the foregoing benefit, health and welfare plans for time served with</td>
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<td>Issue</td>
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<tr>
<td>19</td>
<td>Employment Agreements</td>
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<td>At the time of the execution of the definitive agreement, a select group of key Company B employees (to be identified by Company A during its due diligence investigation) will enter into customary non-compete/non-solicitation agreements (effective upon the commencement of employment with Company A) which will survive for a period of two years following termination of employment with Company A.</td>
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<tr>
<td>20</td>
<td>Business Matters</td>
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<td>• Following the closing, Company B will become (and report to) Company A’s Telecommunications Division, and will assume technical ownership of Company A’s ABC, DEF, GHI, KLM, NOP and QRS channel product lines.</td>
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<td>• Following the closing, Company A will determine whether to maintain Company B’s operations at their existing San Francisco location or relocate them to Company A’s Palo Alto campus. However, Company A will consider input from Company B and remain flexible regarding this matter (subject to review of Company B’s existing lease(s)).</td>
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<td>• Company A will fully support Company B’s existing customer base.</td>
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<td>21</td>
<td>Disclosure</td>
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<td>The transaction will be disclosed to the public only upon the execution of a definitive agreement.</td>
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<tr>
<td>22</td>
<td>Due Diligence</td>
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<td>Company A will be permitted to conduct a customary due diligence investigation of Company B prior to execution of the definitive agreement and during the period between the execution of the definitive agreement and the closing. Subject to the availability of requested material, Company A anticipates that it will be able to conclude its pre-signing due diligence investigation of Company B promptly.</td>
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<tr>
<td>23</td>
<td>Confidentiality</td>
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<td>All information disclosed to Company A regarding Company B during the course of Company A’s due diligence investigation will be kept strictly confidential, will not be disclosed to any third party without the written consent of Company B and will be governed by the non-disclosure agreement between Company A and Company B, dated October 1, 2001.</td>
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<td>24</td>
<td>Timing</td>
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<td>Due diligence investigation of Company B and negotiation of definitive agreement to commence immediately.</td>
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