

**Digi International Inc.**  
**Condensed Consolidated Statement of Cash Flows**  
(In thousands)  
(Unaudited)

	Three months ended March 31, 2010	Six months ended March 31, 2010
<b>Operating activities:</b>		
Net income	\$ 1,686	\$ 2,885
Adjustments to reconcile net income to net cash provided by operations		
Depreciation of property, equipment and improvements	669	1,334
Amortization of identifiable intangible assets and other assets	1,925	3,869
Excess tax benefits from stock-based compensation	(39)	(39)
Stock-based compensation	826	1,824
Deferred income taxes	(599)	(848)
Restructuring	(352)	(352)
Other	194	(3)
Changes in operating assets and liabilities	730	285
Net cash provided by operating activities	5,040	8,955
<b>Investing activities:</b>		
Purchase of marketable securities	(20,349)	(28,510)
Proceeds from maturities of marketable securities	3,815	4,334
Deferred cash payout for acquisition of Spectrum Design Solutions, Inc.	(3,000)	(3,000)
Purchase of property, equipment, improvements and certain other intangible assets	(565)	(1,469)
Net cash used in investing activities	(20,099)	(28,645)
<b>Financing activities:</b>		
Payments on capital lease obligations	(1)	(7)
Excess tax benefits from stock-based compensation	39	39
Proceeds from stock option plan transactions	1,032	1,032
Proceeds from employee stock purchase plan transactions	445	445
Net cash provided by financing activities	1,515	1,509
Effect of exchange rate changes on cash and cash equivalents	(476)	(820)
Net decrease in cash and cash equivalents	(14,020)	(19,001)
Cash and cash equivalents, beginning of period	43,453	48,434
Cash and cash equivalents, end of period	\$ 29,433	\$ 29,433