

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

	Three months ended March 31, 2011	Six months ended March 31, 2011
Operating activities:		
Net income	\$ 2,239	\$ 4,555
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation of property, equipment and improvements	740	1,453
Amortization of identifiable intangible assets	1,696	3,393
Excess tax benefits from stock-based compensation	(167)	(226)
Stock-based compensation	842	1,713
Deferred income taxes	(712)	(1,296)
Other	371	772
Changes in operating assets and liabilities	(2,237)	(2,844)
Net cash provided by operating activities	<u>2,772</u>	<u>7,520</u>
Investing activities:		
Purchase of marketable securities	(26,825)	(28,999)
Proceeds from maturities of marketable securities	15,541	26,950
Purchase of property, equipment, improvements and certain other intangible assets	(700)	(1,421)
Proceeds from sale of property and equipment	-	-
Net cash used in investing activities	<u>(11,984)</u>	<u>(3,470)</u>
Financing activities:		
Excess tax benefits from stock-based compensation	167	226
Proceeds from stock option plan transactions	676	1,119
Proceeds from employee stock purchase plan transactions	217	486
Net cash provided by financing activities	1,060	1,831
Effect of exchange rate changes on cash and cash equivalents	<u>1,228</u>	<u>458</u>
Net (decrease) increase in cash and cash equivalents	(6,924)	6,339
Cash and cash equivalents, beginning of period	<u>64,206</u>	<u>50,943</u>
Cash and cash equivalents, end of period	<u>\$ 57,282</u>	<u>\$ 57,282</u>