

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

	Nine months ended June 30,	
	2012	2011
Operating activities:		
Net income	\$ 5,153	\$ 8,170
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation of property, equipment and improvements	2,483	2,234
Amortization of identifiable intangible assets	3,537	4,874
Bad debt/product return provision, net	521	45
Inventory obsolescence	1,080	1,439
Excess tax benefits from stock-based compensation	(133)	(474)
Stock-based compensation	2,798	2,562
Deferred income taxes	(1,791)	(883)
Restructuring	1,259	(70)
Other	(81)	125
Changes in operating assets and liabilities	(5,867)	(1,854)
Net cash provided by operating activities	<u>8,959</u>	<u>16,168</u>
Investing activities:		
Purchase of marketable securities	(64,234)	(44,517)
Proceeds from maturities of marketable securities	45,998	35,888
Proceeds from sale of investment	135	-
Purchase of property, equipment, improvements and certain other intangible assets	(3,003)	(2,166)
Net cash used in investing activities	<u>(21,104)</u>	<u>(10,795)</u>
Financing activities:		
Excess tax benefits from stock-based compensation	133	474
Proceeds from stock option plan transactions	600	1,839
Proceeds from employee stock purchase plan transactions	811	744
Net cash provided by financing activities	<u>1,544</u>	<u>3,057</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,869)</u>	<u>569</u>
Net (decrease) increase in cash and cash equivalents	(12,470)	8,999
Cash and cash equivalents, beginning of period	<u>54,684</u>	<u>50,943</u>
Cash and cash equivalents, end of period	<u>\$ 42,214</u>	<u>\$ 59,942</u>