

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

	Three months ended December 31,	
	2012	2011
Operating activities:		
Net income	\$ 1,230	\$ 724
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, equipment and improvements	848	784
Amortization of identifiable intangible assets	1,071	1,245
Stock-based compensation	955	931
Excess tax benefits from stock-based compensation	(28)	(13)
Deferred income tax benefit	(542)	(583)
Bad debt/product return provision	221	323
Inventory obsolescence	250	476
Restructuring	—	236
Other	38	(274)
Changes in operating assets and liabilities (net of acquisition)	(1,755)	(3,607)
Net cash provided by operating activities	<u>2,288</u>	<u>242</u>
Investing activities:		
Purchase of marketable securities	(9,873)	(22,789)
Proceeds from maturities of marketable securities	17,473	12,298
Proceeds from sale of investment	—	135
Acquisition of business, net of cash acquired	(12,919)	—
Purchase of property, equipment, improvements and certain other intangible assets	(1,427)	(1,624)
Net cash used in investing activities	<u>(6,746)</u>	<u>(11,980)</u>
Financing activities:		
Excess tax benefits from stock-based compensation	28	13
Proceeds from stock option plan transactions	169	150
Proceeds from employee stock purchase plan transactions	248	314
Purchase of treasury stock	(4,226)	—
Net cash (used) provided by financing activities	<u>(3,781)</u>	<u>477</u>
Effect of exchange rate changes on cash and cash equivalents	3	(855)
Net decrease in cash and cash equivalents	<u>(8,236)</u>	<u>(12,116)</u>
Cash and cash equivalents, beginning of period	<u>60,246</u>	<u>54,684</u>
Cash and cash equivalents, end of period	<u>\$ 52,010</u>	<u>\$ 42,568</u>
Supplemental schedule of non-cash investing activities:		
Issuance of common stock for business acquisition	<u>\$ (6,804)</u>	<u>\$ —</u>