



Digi International Indicates Third Quarter 1998 Results Will Exceed Earnings Expectations

July 13, 1998

MINNEAPOLIS, July 13 /PRNewswire/ -- Digi International Inc. (Nasdaq: DGI) today announced that it expects to report diluted earnings per share for its fiscal third quarter, ended June 30, 1998, that will exceed the analysts' consensus estimate of \$.35 per share. The company's fiscal third quarter diluted earnings per share from operations before non-recurring items are expected to range from \$.37 to \$.39 per share. In addition, Digi's third quarter results will benefit from a \$1.3 million reduction (\$.06 diluted earnings per share) in non-operating expenses resulting from the reversal of accruals related to the formal release of Digi from guarantees of certain lease obligations of Aetherworks Corporation. In the year-ago period, the company reported net income of \$.01 diluted earnings per share. Digi will announce its fiscal third quarter results on July 23.

"The evolution of Digi into a world-class provider of access solutions is a work-in-process," said Jerry A. Dusa, Digi president and chief executive officer. "We are pleased with all the progress we've made in the third quarter."

The company's management indicated that it does not expect its results for the fiscal fourth quarter, ending September 30, 1998, to be in the same range as the fiscal third quarter results due to anticipated changes in product mix, higher costs associated with new product introductions, and the impact of its recently announced acquisition of Central Data Corporation and its agreement to acquire ITK International Inc.

In addition, as previously disclosed, the company expects to write off a substantial portion of the purchase price of the acquisition of Central Data Corporation and the pending acquisition of ITK International Inc. in the fourth quarter, as acquired-in-process research and development. Fiscal fourth quarter results also will be reduced by a restructuring charge ranging from \$1 million to \$2 million related to the elimination of duplicate facilities created by the ITK combination.

About Digi International

Digi International, based in Minneapolis, Minn., is a leading ISO 9001- compliant provider of data communications hardware and software that delivers seamless connectivity solutions for open systems, server-based remote access and LAN markets. The company markets its products through an international network of distributors and resellers, system integrators and original equipment manufacturers (OEMs). For more information, visit Digi's Web site at www.dgii.com or call 800-344-4273 (U.S.) or 612-912-3444 (International).

Forward-Looking Statements:

Certain statements made above, which are summarized below, are forward- looking statements that involve risks and uncertainties, and actual results may be materially different. Factors that could cause actual results to differ include but are not limited to the following:

"The expectation that the company's results for the fiscal fourth quarter, ending September 30, 1998, will not be in the same range as the fiscal third quarter results may be impacted by presently unanticipated revenue opportunities, unanticipated changes in product mix that may result in higher margins, and faster than anticipated integration of the Central Data Corporation and ITK International Inc. acquisitions."