



Digi International Completes Acquisition of ITK International Inc.

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MINNEAPOLIS, July 29 /PRNewswire/ -- Digi International Inc. (Nasdaq: DGI), the leading provider of server-based, remote access communications solutions, today announced that it has completed the previously announced acquisition of privately held ITK International Inc., Dortmund, Germany.

ITK, a leading provider of open systems, remote access solutions for small- and medium-sized businesses, including a Voice over Internet Protocol (IP) gateway product, has revenues of approximately \$30 million.

ITK recently announced a joint development agreement with the Siemens Public Communication Networks Group in Munich, Germany, whereby the ITK NetBlazer 8500 System, a Voice over IP gateway, will be integrated into Siemens' digital electronic switching system (EWSD). EWSD, in service with around 325 carriers in more than 100 countries with over 160 million ports, is the world's leading digital electronic switching system. An EWSD port is installed every two seconds.

In addition, the Voice over IP product is currently undergoing extensive field trials by mediaWays GmbH, the leading provider of a full-coverage IP network in Germany. This field trial encompasses different services, ranging from phone-to-phone connections to computer-to-computer multimedia communications.

"We're very excited about the potential of the Voice over IP technology and the developments currently under way," said Jerry A. Dusa, president and chief executive officer of Digi International. "ITK's products are an excellent complement to Digi's product line and offer unique opportunities for expansion and growth in new markets."

Under terms of the acquisition, 615,000 shares of Digi common stock worth approximately \$12.5 million (based upon Digi's June 30 closing price of \$20.25) and \$12.5 million in cash was exchanged for the outstanding shares of ITK. The sale will be accounted for under the purchase accounting method, and the company expects that a majority of the purchase price will be written off in the quarter ending September 30, 1998, as acquired-in-process research and development. The company also expects to record a restructuring charge ranging from \$1 million to \$2 million related to the elimination of duplicate facilities created by the combination.

Digi 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. For more information, visit Digi's Web site at <http://www.dgii.com> or call 800-344-4273 (U.S.) or 612-912-3444 (International).