



## **Digi International to Acquire ITK International and Central Data Corp.**

July 1, 1998

### **Digi Steps Up Computer Telephony Offerings With Voice Over Internet Protocol and Adds Universal Serial Bus Technology**

**MINNEAPOLIS, July 1 /PRNewswire/** -- Digi International Inc. (Nasdaq: DGII), the leading provider of server-based, remote access communications solutions, today announced that it has signed definitive agreements to purchase privately held ITK International, Dortmund, Germany, for \$25 million and privately held Central Data Corporation, Champaign, Ill., for \$18 million.

#### **ITK: Commitment To A Developing New Market**

ITK is a leading provider of open systems, remote access solutions for small- and medium-sized businesses, Internet service providers and telephone companies. The company also has developed a Voice over Internet Protocol (IP) gateway product which will be deployed by businesses and service providers. This technology allows today's telephones and computers to communicate over IP-based networks like the Internet, significantly lowering communications costs. It also allows phone-to-phone services for corporate applications and home users at costs well below today's averages.

With ITK's Voice over IP products, Digi can now provide solutions in the Internet telephony market as voice traffic transitions from circuit switched networks to packet switched networks. ITK's latest product, which contains both voice and fax functionality, was introduced in Europe in March at CeBIT, the world's largest computer trade show.

In addition, ITK offers a broad line of PC-based remote access solutions to support diverse LAN and WAN topologies such as Ethernet, ISDN and modem technologies.

"ITK is a highly regarded technology leader in remote access solutions with strong management and world-class technical expertise," said Jerry A. Dusa, Digi president and chief executive officer. "The combination of ITK and Digi provides the broadest range of server-based communications solutions in the industry, and a worldwide distribution infrastructure, customer base and technical support capability for our customers and strategic partners. It also significantly strengthens our European operations and expands our OEM relationships."

ITK, founded in 1991, has revenues of approximately \$30 million. It currently employs 150 people at its headquarters in Dortmund, and at offices in the UK, France, Sweden, and Chelmsford, Mass. ITK's operations will be consolidated with Digi's European operations and will operate under the Digi International name.

"We are very pleased to join forces with a company whose products and markets complement our own," said Klaus Rosenthal, ITK chairman. "We believe this acquisition will benefit our customers and our employees because we can deliver more comprehensive solutions to a much larger customer base over a much broader geographic reach. I look forward to a very productive relationship."

Under terms of the ITK acquisition, approximately 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 will be 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. The acquisition has been approved by the board of directors of each company and the shareholders of ITK. It is expected to be completed within 45 days subject to customary closing conditions.

#### **Central Data: Building On Core Strengths**

Digi also is acquiring Central Data, an innovator of high-performance serial port solutions for local and remote access connectivity, including a full line of Universal Serial Bus (USB) products.

Founded in 1975, Central Data has annualized revenues of approximately \$15 million. The company offers a wide range of serial port solutions for UNIX, Windows 98 and NT, and Java connectivity that are designed to provide simpler configurations, less Ethernet congestion and reduced overhead at the host for a much lower cost per port. Common applications include Internet access, point-of-sale, remote access, and factory automation.

Central Data's line of USB products provides high-speed serial connections to systems that utilize the new Universal Serial Bus for existing, non-USB compatible legacy devices, saving the customers' initial peripheral investment. The company currently employs 44 people. Its products are sold through direct sales, original equipment manufacturers (OEMs), and distributors.

"This acquisition significantly broadens the Digi PortServer product line, enhances our customer base and effectively leverages our current server-based remote access solutions," said Dusa. "We also benefit from the company's USB port technology which is gaining widespread support by PC users because it makes hookups to peripherals easier. Overall, the synergy of the two companies' operations and product lines should provide increased value for our customers and our shareholders."

"We are pleased to join a company whose products and markets so readily complement our own," said Jeffrey Roloff, Central Data chairman and chief executive officer. "We believe this acquisition benefits our customers because now they will have more comprehensive solutions available to them."

Central Data will be consolidated into Digi's operations and will operate under the name of Digi International.

Under terms of the Central Data acquisition, 220,000 shares of Digi common stock worth approximately \$4.5 million (based upon Digi's June 30 closing price of \$20.25) and \$13.5 million in cash will be exchanged for the outstanding shares of Central Data. The sale will be accounted for under the purchase accounting method and the company expects that a significant amount of the purchase price will be written off in the quarter ending September 30, 1998, as acquired-in-process research and development. The acquisition has been approved by the board of directors of each company, and the shareholders of Central Data, and is expected to be completed within 10 days, subject to customary closing conditions.

#### 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 <http://www.dgii.com> or call 800-344-4273 (U.S.) or 612-912-3444 (International).

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