

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
**PURSUANT TO SECTION 13 OR 15(d) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**June 11, 2018**

Date of report (date of earliest event reported)

**Digi International Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State of Incorporation)

**1-34033**

(Commission file number)

**41-1532464**

(I.R.S. Employer Identification No.)

**11001 Bren Road East, Minnetonka, Minnesota**

(Address of principal executive offices)

**55343**

(Zip Code)

**(952) 912-3444**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter): Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

The Board of Directors of Digi International, Inc. has appointed Gokul V. Hemmady to serve as Senior Vice President, Chief Financial Officer and Treasurer effective June 18, 2018. Mr. Hemmady, age 57, most recently served as an independent consultant in the technology and telecom industries based in Los Angeles, California. From 2007 to October 2015, he served as Chief Financial Officer, Chief Operating Officer and President of Nextel Brazil at NII Holdings, Inc., where he was instrumental in growing a wireless telecommunications business focused on Latin American markets. From 1997 to 2007, he served as Chief Financial Officer, Controller and Treasurer of ADC Telecommunications, a global telecommunications equipment manufacturer.

Michael C. Goergen, our current Senior Vice President, Chief Financial Officer and Treasurer, will cease to serve in those positions upon the commencement of Mr. Hemmady's employment and, as previously announced, he is expected to terminate his employment with us on June 30, 2018.

In connection with Mr. Hemmady's appointment, our Board of Directors approved compensatory arrangements to be effective upon commencement of his employment with Digi. Mr. Hemmady will receive an initial annual base salary equal to \$325,000 and an annual cash incentive target of \$195,000.

Participation in the annual cash incentive program for fiscal 2018 will be on terms substantially similar to those described for our other executive officers in the definitive proxy statement for our most recent annual meeting of stockholders, and any resulting payments will be pro-rated based on the duration of his service in the applicable performance period.

The Board also has indicated that, following the commencement of Mr. Hemmady's employment with us, it will consider the approval of (i) an initial grant of options to purchase up to 150,000 shares of Digi common stock at an exercise price equal to the closing market price of our common stock on the grant date, and (ii) an initial grant of restricted stock units representing a right to acquire 50,000 shares of Digi common stock. The options would expire after seven years from the grant date and will vest 25% after one year and in 36 equal proportions each month thereafter for three years, resulting in a total vesting period of four years. The restricted stock units would vest 25% on each of the first, second, third and fourth anniversaries of the grant date.

If Mr. Hemmady's employment is terminated within one year following a change in control by Digi without cause or by Mr. Hemmady for good reason, then the unvested portion, if any, of the above-described stock options or restricted stock units would vest. In addition, if Digi terminates Mr. Hemmady's employment for reasons other than cause (as defined in his Offer Letter) and he agrees to execute a release of claims, then he will be entitled to receive (i) twelve months of base salary in effect at the time of termination, payable in a lump sum, and (ii) a pro-rata bonus based on the number of months worked in the fiscal year prior to termination and Digi's actual performance.

Mr. Hemmady will also be eligible to participate in other compensation and benefit programs generally available to our executive officers.

The foregoing description of the terms of Mr. Hemmady's employment does not purport to be complete and is qualified by the text of Mr. Hemmady's Offer Letter, which is set forth in Exhibit 10.1 to this report and is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

The text of Digi's press release announcing Mr. Hemmady's appointment is set forth in Exhibit 99.1 to this report and is incorporated by reference into this Item 7.01.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibits are provided herewith:

<u>No.</u>	<u>Exhibit</u>	<u>Manner of Filing</u>
10.1	<a href="#">Offer Letter with Gokul V. Hemmady dated June 11, 2018</a>	Filed Electronically
99.1	<a href="#">Press Release dated June 14, 2018</a>	Furnished Electronically

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

Date: June 15, 2018

DIGI INTERNATIONAL INC.

By: /s/ David H. Sampsell  
David H. Sampsell  
Vice President, General Counsel & Corporate Secretary

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DIGI INTERNATIONAL  
 11001 Bren Road East  
 Minnetonka, MN 55343  
 952-912-3444 tel  
 952-912-4991 central fax

June 11, 2018

Gokul Hemmady  
 1076 Rhode Island Street  
 San Francisco, CA 94107

Dear Gokul,

On behalf of Digi International Inc., I am pleased to offer you employment as Sr. Vice President, Chief Financial Officer and Treasurer reporting to Ron Konezny. (Please see Contingent Offer section below.)

### **Compensation**

Your annualized total compensation target for this position is \$520,000. The annualized base salary is \$325,000 with an annualized incentive target of \$195,000.

You will participate in Digi International's Executive Incentive Plan. The FY18 plan provides an annual incentive payment based on Revenue and Adjusted EBITDA performance provided that threshold levels of both Revenue and Adjusted EBITDA performance for the fiscal year are achieved. The plan also provides for quarterly payment for the first, second and third quarter of the fiscal year if threshold levels of Revenue and Adjusted EBITDA targets are achieved. All payments are pro-rated based on length of service in the fiscal year.

### **Initial Equity Award**

We will recommend to the Board of Directors an initial grant of 150,000 stock options. The options will have a per share exercise price equal to the closing sale price of a share of common stock on the Grant Date. Options will vest over four years at a rate of 25% upon completion of one year, then proportionate monthly vesting thereafter. The stock option agreement will contain a change in control provision that provides for accelerated vesting if within one year following a change in control, your employment is terminated either by the Company without cause or by you for good reason. The Grant Date will be the first day that the Digi International trading window reopens in July.

In addition, we will recommend to the Board of Directors a Restricted Stock Unit award for 50,000 shares. This award will vest 25% annually on the anniversary of the Grant Date. Restricted Stock Unit Award Agreement will contain the same change in control provision.

### **Benefits**

Digi offers a comprehensive benefit program which includes Medical, Dental, Vision, Life and Disability Insurance, Medical and Dependent Care Reimbursement Plans, 401(K) Savings Plan, and an Employee Stock Purchase Plan and a Tuition Reimbursement Program.

You will be eligible for participation in Digi's health insurance programs on the first day of active employment with the company and will be eligible for participation in the 401(K) Savings Plan on the first day of the month following date of hire. You will be eligible to participate in the Digi International Stock Purchase Plan on the first of any January, April, July or October following your hire date.

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You will be eligible to participate in Digi's \$500,000 Executive Life Insurance program. If accepted by the carrier, Digi International will pay the full annual premium. This is in addition to the basic optional life insurance programs offered to all employees.

Vacation eligibility begins on the date of hire. Upon hire, you will receive four weeks of vacation. You will not accrue above or below this amount regardless of time take. Should you leave the company at any point in the future, you will be paid for four weeks of accrued vacation.

### **Severance Agreement**

If Digi International should terminate your employment at any time in the future for reasons other than Cause, you will be provided with the following severance package in exchange for a full release of claims against the Company:

- 1) Twelve months of base salary in effect at time of termination. This shall be paid in a lump sum as soon as administratively feasible after the later of the date of termination or the date the release of claims has become irrevocable.
- 2) A pro-rata bonus based on number of months worked in the fiscal year prior to a qualifying termination and the Company's actual performance against annual objectives. This pro-rata bonus shall be paid no later than 2.5 months after the close of fiscal year in which the qualifying termination occurs.

For purposes of this agreement, "Cause" shall mean only the following: (i) indictment or conviction of, or a plea of nolo contendere to, (A) any felony (other than any felony arising out of negligence), or any misdemeanor involving moral turpitude with respect to the Company, or (B) any crime or offense involving dishonesty with respect to the Company; (ii) theft or embezzlement of Company property or commission of similar acts involving dishonesty or moral turpitude; (iii) material negligence in the performance of your job duties after notice; (iv) failure to devote substantially all of his working time and efforts during normal business hours to the Company's business; of (v) knowing engagement in conduct which is materially injurious to the Company.

## **Relocation**

We will provide you a net lump sum in the amount of \$50,000 to cover your relocation expenses. This amount will be paid 2 weeks prior to your move date. Should you voluntarily terminate your employment with the company prior to twenty four (24) months, you will be responsible for full repayment of the relocation package.

## **Contingent Offer**

This offer of employment is contingent upon the following:

1. Approval of the offer by the Compensation Committee of the Board of Directors and your election as an Officer by the Board of Directors.
2. Your signature on the enclosed Digi International Employment, Confidential Information, and Arbitration Agreement. Your signature constitutes acceptance of the terms and conditions contained in

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the Agreement, so please read it thoroughly prior to signing. This agreement must be signed prior to your first day of employment.

3. A finding of "no issue" with your background and reference check. Digi International has partnered with Verified Credentials, a background screening organization, to administer confidential background checks. Within 48 hours, we ask you to visit Verified Credentials website at <http://myvci.com/digiinternationalinc> to complete a personal questionnaire using your **full legal name including middle initial**. If you are unable to access the internet within this timeframe, please contact us directly to further assist you in the process. Delay in completion of the online personal questionnaire could delay in the start date of your employment.
4. Digi's determination that you are not subject to any agreement with any former employer or any other party that would prohibit you from working in the position of Sr. Vice President, Chief Financial Officer and Treasurer.

## **Commencement Date and Offer Acceptance**

We would like you to start on June 18, 2018 with the understanding you will require 2 weeks unpaid leave in July, 2018. Please inform me of your acceptance of this offer by June 13, 2018 and acknowledge your acceptance by signing one of the enclosed copies.

Sincerely,

***Digi International Inc.***

Mary Maruska  
Director, Human Resources

***Offer accepted:***

/s/ Gokul Hemmady  
Gokul Hemmady

June 18, 2018  
Start Date

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**Digi International Announces Appointment of New CFO**

*Gokul Hemmady, former Nextel and ADC Telecommunications executive, brings growth and recurring revenue emphasis*

MINNETONKA, Minn., June 14, 2018 – Digi International®, (NASDAQ: DGII, [www.digi.com](http://www.digi.com)), a leading global provider of mission critical Internet of Things (“IoT”) products, services, and solutions, today announced that Gokul Hemmady has been appointed as Senior Vice President, Chief Financial Officer and Treasurer of the company effective June 18, 2018.

Most recently, Hemmady served as an independent technology and telecom consultant based in Los Angeles, California. Previously, he served as President of Nextel Brazil where he was instrumental in growing the company’s wireless telecommunications business. He has also served as Vice President and Chief Financial Officer of NII Holdings, a multibillion-dollar wireless telecommunications business focused on Latin American markets, and prior to that as Vice President and Chief Financial Officer of ADC Telecommunications, a global telecommunications equipment manufacturer.

“We are pleased to welcome Gokul to Digi,” said Digi President and CEO Ron Konezny. “Gokul has held a wide range of financial and operational leadership positions both here and abroad during his career. He has an outstanding track record of managing financial and business operations for public companies and we look forward to leveraging his expertise and experience as we continue to transform Digi.”

“I am very excited to be joining Digi at this time,” said Hemmady. “The company is well positioned for further growth given the steps management has taken over the last several quarters, and I look forward to helping Digi continue to transform its business and drive shareholder value.”

Hemmady replaces Michael C. Goergen, Senior Vice President, Chief Financial Officer and Treasurer, who is leaving the company as previously announced. He will be leaving the company after a transition period. “A heartfelt thank you to Mike for his leadership, efforts, and contributions while at Digi. We wish him all the best at his new role,” said Konezny.

#### About Digi International

Digi International (NASDAQ: DGII) is a leading global provider of Internet of Things (“IoT”) products, services and solutions. We help our customers create next-generation connected products and deploy and manage critical communications infrastructures in demanding environments with high levels of security and reliability. Founded in 1985, we’ve helped our customers connect over 100 million things, and growing. For more information, visit Digi’s website at [www.digi.com](http://www.digi.com), or call 877-912-3444 (U.S.) or 952-912-3444 (International).

#### Media Contact:

Joseph Rigoli

LEWIS

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[Digi@teamlewis.com](mailto:Digi@teamlewis.com)

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