UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A

AMENDMENT NO. 1 TO

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
/X/ EXCHANGE ACT OF 1934

For the quarterly period ended: December 31, 1995.

OR

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

For the transition period from ____ to ____.

Commission file number: 0-17972

DIGI INTERNATIONAL INC.
(Exact name of registrant as specified in its charter)

Delaware	41-1532464
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

6400 Flying Cloud Drive Eden Prairie, Minnesota	55344
(Address of principal executive offices)	(Zip Code)

(612) 943-9020
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

On January 31, 1996, there were 13,228,442 shares of the registrant's $.01 par value Common Stock outstanding.

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PART II. OTHER INFORMATION

DIGI INTERNATIONAL INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED DECEMBER 31
(UNAUDITED)

	1995	1994
Net sales	$43,866,263	$37,878,928
Cost of sales	19,987,202	17,898,419
Gross margin	23,879,061	19,980,509
Operating expenses:		
Sales & marketing	8,820,102	6,735,572
Research & development	4,144,836	2,643,255
General & administrative	3,898,356	3,961,352
Total operating expenses	16,863,294	13,340,179
Operating income	7,015,767	6,640,330
Other income, principally interest	393,360	339,510
Income before income taxes	7,409,127	6,979,840
Provision for income taxes	2,607,899	2,488,515
Net income	$4,801,228	$4,491,325
Income per common and common equivalent share:	$0.35	$0.32
Weighted average common and common equivalent shares outstanding	13,902,733	13,961,227

See accompanying notes to unaudited consolidated condensed financial statements

DIGI INTERNATIONAL INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

	December 31 1995 (UNAUDITED)	September 30 1995
ASSETS		
Current assets:		
Cash and cash equivalents	$1,049,727	$5,103,731
Marketable securities	14,711,797	27,968,775
Accounts receivable, net	33,499,504	31,960,936
Inventories, net	29,579,975	27,019,085
Other	4,532,589	2,225,058
Total current assets	83,373,592	94,277,585
Property, equipment and improvements, net	18,724,922	17,716,819
Intangible assets, net	11,518,420	11,633,305
Note receivable and other	5,641,326	2,415,755
Total assets	$119,258,260	$126,043,464
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,749,080	$ 12,106,515
Income taxes payable	1,596,895	
Accrued expenses:		
Advertising	3,353,570	2,235,946
Compensation	1,095,714	4,932,987
Other	789,891	941,469
Total current liabilities	15,585,150	20,216,917
Commitments		
Stockholders' equity:		
Preferred stock, $.01 par value; 2,000,000 shares authorized; none outstanding		
Common stock, $.01 par value; 60,000,000 shares authorized; 14,576,171 and 14,562,958 shares outstanding	145,762	145,630
Additional paid-in capital	41,522,421	41,306,320
Retained earnings	86,405,754	81,604,526
	128,073,937	123,056,476
Less unearned stock compensation	(519,946)	(598,387)
Treasury stock, at cost, 1,347,729 and 1,032,729 shares	(23,880,881)	(16,631,542)
Total stockholders' equity	103,673,110	105,826,547
Total liabilities and stockholders' equity	$119,258,260	$126,043,464

See accompanying notes to unaudited consolidated condensed financial statements.

DIGI INTERNATIONAL INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED DECEMBER 31
(UNAUDITED)

	1995	1994
Operating activities:		
Net Income	$ 4,801,228	$ 4,491,325
Adjustments to reconcile net income to cash (used in) provided by operating activities:		
Depreciation and amortization	1,251,733	842,297
Provision for losses on accounts receivable	39,280	68,670
Provision for inventory obsolescence	179,012	45,000
Stock compensation	78,441	37,620
Changes in operating assets and liabilities	(11,107,061)	(1,008,785)
Total adjustments	(9,558,595)	(15,198)
Net cash (used in) provided by operating activities	(4,757,367)	4,476,127
Investing activities:		
Purchase of property, equipment and improvements	(2,144,951)	(717,559)
Sale/(purchase) of marketable securities, net	13,256,978	(715,835)
Increase in note receivable	(3,375,558)	--
Net cash (used in) provided by investing activities	7,736,469	(1,433,394)
Financing activities:		
Purchase of treasury stock	(7,249,339)	
Stock option transactions, net	216,233	13,433
Net cash (used in) provided by financing activities	(7,033,106)	13,433
Net (decrease) increase in cash and cash equivalents	(4,054,004)	3,056,166
Cash and cash equivalents, beginning of period	5,103,731	13,849,017
Cash and cash equivalents, end of period	$ 1,049,727	$ 16,905,183

See accompanying notes to unaudited consolidated condensed financial statements.

DIGI INTERNATIONAL INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated condensed financial statements included in this Form 10-Q have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures, normally included in financial statements prepared in accordance with generally accepted accounting principles, have been condensed, or omitted, pursuant to such rules and regulations. These consolidated condensed financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company's 1995 Annual Report and Form 10-K.

The consolidated condensed financial statements presented herein, as of December 31, 1995 and for the three months then ended, reflect, in the opinion of management, all adjustments (which consist only of normal recurring adjustments) necessary for a fair presentation of financial position and the results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year.

2. INVENTORIES

Inventories are stated at the lower of cost or market, with cost determined on the first-in, first-out method. Inventories at December 31, 1995 and September 30, 1995 consisted of the following:

	DECEMBER 31	SEPTEMBER 30
Raw materials	$16,779,571	$12,476,953
Work in process	7,861,301	7,645,002
Finished goods	4,939,103	6,897,130
	$29,579,975	$27,019,085

3. INCOME PER SHARE

Income per common share is computed by dividing net income by the weighted average number of common shares and common equivalent shares outstanding during the period. Common stock equivalents result from dilutive stock options.

4. COMMON STOCK

During the three months ended December 31, 1995, 13,213 shares of the Company's common stock were issued upon the exercise of outstanding stock options for 13,900 shares. The difference between the shares issued and options exercised results from the stock option plan's provision allowing the employees to elect to pay their withholding obligations through share reduction. Withholding taxes paid by the Company, as a result of the share reduction option, amounted to $19,775.

On March 27, 1995, the Company's Board of Directors authorized a one million share repurchase program, which will be funded by available cash balances over an unspecified period of time. During the quarter ended December 31, 1995, $7,249,339 was used for treasury stock purchases. On January 31, 1996, the Company's Board of Directors authorized a separate 500,000 share repurchase program for the purpose of purchasing Common Stock for the Company's Employee Stock Purchase Plan.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

NET SALES

Sales for the quarter ended December 31, 1995 exceeded sales for the corresponding quarter ended December 31, 1994 by $5,987,335, which represents a percentage increase of 15.8%. Sales in all product markets increased over prior year amounts as follows:

PRODUCT MARKET	QUARTERLY INCREASE	PERCENT OF REVENUE
Multi-user	15.6%	66.2%
Remote Access	36.0%	16.6%
LAN Connect	1.9%	17.2%

Sales to original equipment manufacturers (OEM's) across product markets decreased from 24.2% of net sales in the quarter ended December 31, 1994 to 14.1% in 1995. The decrease in OEM business was due primarily to component allocation issues impacting the Company's OEM customers and the industry as a whole. The Company's management expects the OEM portion of the Company's business to increase in the second quarter based on current firm orders and increased availability of components. Sales of the Company's products in international markets increased by 31.4% for the quarter ended December 31, 1995 over the corresponding quarter ended December 31, 1994.

The Company believes that the revenues from its Remote Access and LAN Connect markets will continue to grow, while the Multiuser market growth may decline.

GROSS MARGINS

Gross margins increased from $19,980,509 or 52.8% of net sales for the quarter ended December 31, 1994 to $23,879,061 or 54.4% for the quarter ended December 31, 1995. The increase in gross margin for the quarter is primarily related to the decreased volume in OEM sales and to the smaller contribution made by sales of the Company's LAN Connect products to the Company's sales. Both OEM sales and sales of LAN Connect products have traditionally resulted in lower margins than have non-OEM sales of the Company's Multiuser and Remote Access products.

OPERATING EXPENSES

Operating expenses increased from $13,340,179 for the quarter ended December 31, 1994 to $16,863,294 for the quarter ended December 31, 1995, an increase of 26.4%. As a percentage of sales, expenses were 38.4% for the quarter ended December 31, 1995 compared to 35.2% for the quarter ended December 31, 1994. The quarterly increase can be attributed primarily to increased research and development and marketing expenditures for new products and markets, principally in the Remote Access and LAN Connect markets, plus increased staffing levels resulting from the Company's increased product development and marketing efforts.

OTHER INCOME

Interest income increased from $339,510 for the quarter ended December 31, 1994 to $393,360 the quarter ended December 31, 1995.

This increase resulted from a slight increase in investment yields.

INCOME TAXES

The Company's effective income tax rate was 35.2% in the current quarter compared to 35.7% in the corresponding quarter of last year. This decrease is due primarily to an increase in the foreign sales corporation benefit due to increased foreign sales.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations principally with funds generated from operations and proceeds from public stock offerings.

Cash flows from operations for the three months ended December 31, 1995 was negatively impacted by changes in operating assets and liabilities, primarily related to increases in accounts receivable and inventories and to reductions in accounts payable and accrued expenses.

Investing activities for the period ended December 31, 1995, primarily include redemption of maturing investments offset by purchases of property, equipment and improvements and an increase in note receivable. The increase in note receivable arose from the Company's purchase of a secured convertible note from a company engaged in the development of remote access technology. If the company developing such technology attains certain development and financial performance milestones, the Company will be obligated to purchase one additional secured convertible note in the principal amount of approximately $1.4 million in the second quarter.

On March 27, 1995, the Company's Board of Directors authorized a one million share repurchase program, which will be funded by available cash balances over an unspecified period of time. During the quarter ended December 31, 1995, $7,249,339 was used for treasury stock purchases. On January 31, 1996, the Company's Board of Directors authorized a separate 500,000 share repurchase program for the purpose of purchasing Common Stock for the Company's Employee Stock Purchase Plan.

At December 31, 1995, the Company had working capital of $71.2 million, no debt and no established lines of credit. Management believes current financial resources, cash generated by operations and the Company's potential capacity for debt and/or equity financing will be sufficient to fund current business operations and any anticipated business expansion.

The Financial Accounting Standards Board (FASB) has issued Statement No. 123, "Accounting for Stock-Based Compensation." The Company plans to adopt this Statement in fiscal year 1997. Although it has not made a definite determination of its impact, the Company does not expect the adoption of Statement No. 123 to have a materially adverse effect on its financial position of results of operations.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the annual meeting of stockholders held on January 31, 1996, the stockholders approved the following:

(a) Proposal to elect three directors, each to a three year term. Mr. John P. Schinas was elected on a vote of 10,024,028 in favor, with 74,367 shares withholding authority to vote. Mr. Richard E. Offerdahl was elected on a vote of 9,960,828 in favor, with 137,967 shares withholding authority to vote. Dr. Jagdish N. Sheth was elected on a vote of 10,018,455 in favor, with 79,940 shares withholding authority to vote.

(b) Proposal to amend provisions of the Digi International Inc. Stock Option Plan that provide for the granting of stock options to non-employee directors. The proposal passed on a vote of 7,511,152 in favor, 2,227,119 against, 113,440 abstentions, and 246,684 broker non-votes.

(c) Proposal to approve the Digi International Inc. Employee Stock Purchase Plan, which provides eligible employees of the Company the opportunity to purchase Common Stock. The proposal passed on a vote of 9,405,966 in favor, 268,046 against, 121,032 abstentions, and 303,351 broker non-votes.

(d) Proposal to ratify the appointment of Coopers & Lybrand L.L.P. as independent public accountants of the Company for fiscal year 1996. The proposal passed on a vote of 10,005,952 in favor, 43,945 against, 48,498 abstentions, and no broker non-votes.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
3(a)	RESTATED CERTIFICATE OF INCORPORATION OF THE REGISTRANT*
3(b)	AMENDED AND RESTATED BY-LAWS OF THE REGISTRANT**
10(a)	STOCK OPTION PLAN OF THE REGISTRANT****
10(c)	AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND JOHN P. SCHINAS***
10(h)	CONSULTING AGREEMENT BETWEEN THE COMPANY AND MYKOLA MOROZ***
10(r)	EMPLOYMENT ARRANGEMENT BETWEEN THE COMPANY AND JAMES R. BAKER FOR FISCAL 1996
10(s)	EMPLOYEE STOCK PURCHASE PLAN OF THE REGISTRANT*****
27	FINANCIAL DATA SCHEDULE

* INCORPORATED BY REFERENCE TO THE CORRESPONDING EXHIBIT NUMBER OF THE COMPANY'S FORM 10-K FOR THE YEAR ENDED SEPTEMBER 30, 1992 (FILE NO.0-17972).

** INCORPORATED BY REFERENCE TO THE CORRESPONDING EXHIBIT NUMBER OF THE COMPANY'S REGISTRATION STATEMENT ON FORM S-1 (FILE NO.33-42384).

*** INCORPORATED BY REFERENCE TO THE CORRESPONDING EXHIBIT NUMBER OF THE COMPANY'S FORM 10-K FOR THE YEAR ENDED SEPTEMBER 30, 1994 (FILE NO.0-17972).

**** INCORPORATED BY REFERENCE TO EXHIBIT A TO THE REGISTRANT'S PROXY STATEMENT FOR ITS ANNUAL MEETING OF STOCKHOLDERS HELD ON JANUARY 31, 1996 (FILE NO.0-17972).

***** INCORPORATED BY REFERENCE TO EXHIBIT B TO THE REGISTRANT'S PROXY STATEMENT FOR ITS ANNUAL MEETING OF STOCKHOLDERS HELD ON JANUARY 31, 1996 (File No. 0-17972).

(b) Reports on Form 8-K:
There were no reports filed on form 8-K during the quarter ended December 31, 1995.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

DIGI INTERNATIONAL INC.

Date: March 1, 1996

By: /s/Gerald A. Wall

Gerald A. Wall
Chief Financial Officer
(duly authorized officer and
Principal Financial Officer)

August 18, 1995

James R. Baker
7604 Alister Mackenzie Drive
Sarasota, FL 34240

Dear Jim:

This letter is written to confirm your acceptance of Digi International's offer to hire you as Vice President of Technology & Standards, commencing October 1, 1995. As such, you would become an executive officer of Digi International Inc., with a direct line of reporting responsibility to me.

Your base pay is an annual salary of $125,000. You will also be eligible for cash bonuses, as described below, in an amount up to 100% of your base salary, contingent upon Digi International Inc., meeting budgeted net sales and after-tax earnings targets.

You will receive a stock option for 30,000 shares of Digi Common Stock, vesting over five years, having an exercise price equal to the closing sale price on your first day of employment.

For fiscal 1996 you will be paid an additional $75,000, payable in $25,000 installments of December 31, 1995, March 31, 1996 and June 30, 1996, which amount will be a guaranteed bonus payment and will be credited against the amount of bonus that would otherwise be payable for fiscal 1996.

If the Digi International Inc. targets are 100% achieved for both net sales and after-tax earnings for fiscal 1996, you will be entitled to a bonus of $125,000. If the Digi International Inc. targets are less than 80% achieved for either net sales or after-tax earnings for fiscal 1996, you will not be paid a bonus for fiscal 1996 (other than the $75,000 guaranteed bonus payment). If the Digi International Inc. targets for both net sales and after-tax earnings are achieved by at least 80%, but for either measure by less than 100%, you will be entitled to as percentage of $125,000 equal to the smaller of the percentage of net sales or after-tax earnings that were achieved.

Digi International will reimburse you for all reasonable documented expenses relating to your relocation. Digi International will also cover all reasonable documented expenses relating to trips that you and your wife take from Florida to the Twin Cities area for house hunting and other purposes related to your relocation. Digi will also cover the cost of temporary housing in both Florida and the Twin Cities as needed and as I approve.

Relocation expenses to be borne by Digi would generally not include any costs, fees, losses or expenses associated with the sale or purchase of a residence, except that Digi will pay a customary brokerage commission on the sale of your present primary residence and closing costs associated with the purpose of your new residence. Your reimbursement for closing costs and interim living expenses will be grossed-up for tax purposes.

I am delighted that you have decided to join Digi and look forward to working with you.

Very truly yours,

/s/ Ervin F. Kamm, Jr.
President and Chief Executive Officer

Accepted:

/s/James R. Baker	Date

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF OPERATIONS OF DIGI INTERNATIONAL FOR THE THREE MONTHS ENDING DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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DIGI INTERNATIONAL, INC.

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SEP-30-1996
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DEC-31-1995
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