



Filed by Digi International Inc.
pursuant to Rule 425 under the Securities Act of 1933, as amended,
and deemed filed pursuant to Rule 14a-12 of
the Securities Exchange Act of 1934, as amended.

Subject Company: NetSilicon, Inc.
Commission File No.: 0-26761



Digi International Acquisition of





Digi/NetSilicon Investment Highlights

- High Growth Markets Focus
 - \$25M in FY2000 to \$150M by 2004
 - Legacy Product Lines provide cash
 - Provides profit and cash flow fueling growth markets
 - Market Leadership Position
 - Boxes, Boards, and Silicon & Software
 - Accretive and Cash Flow Positive after 6 months
 - 1+1=4
 - Complimentary
 - Strategic Synergies
 - Unique Valuation Growth Opportunity
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Digi International



- Digi International (NASDAQ: DGII), headquartered in Minnetonka, Minnesota, was founded in 1985 and currently employs more than 400 people worldwide.
 - With more than 15 years experience and over 20,000,000 ports shipped, Digi is currently **the market share leader (50%+) in serial and USB connectivity products in North America.**
 - Digi has offices globally including Sunnyvale, Cal., Torrance, Cal., Austin, Texas, Champaign, Ill., Dortmund, Germany, Hong Kong, and Beijing, China.
 - Digi manages a worldwide 2-tier distribution network for its products
 - Digi is a **recognized, well established brand** with an unsurpassed reputation for quality, reliable products, and strong technical support.
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Digi International



F2000

F2001

F2002

F2003

Phase I
Clean-up

- Reorganize Europe
- Clean up Milan
- Stop RAS investment
- Staff Senior Management Positions
- Stabilize Business

Phase II
Positioning Digi for Growth

- Acquire Inside Out Networks
- Create Connectware Category
- DigiLabs
- Decision Europe
- Launch Digi One

Phase III
Driving High Growth Businesses

- Acquire NetSilicon
 - Revised Incentive Compensation
 - Drive Organic Product Breakthrough's
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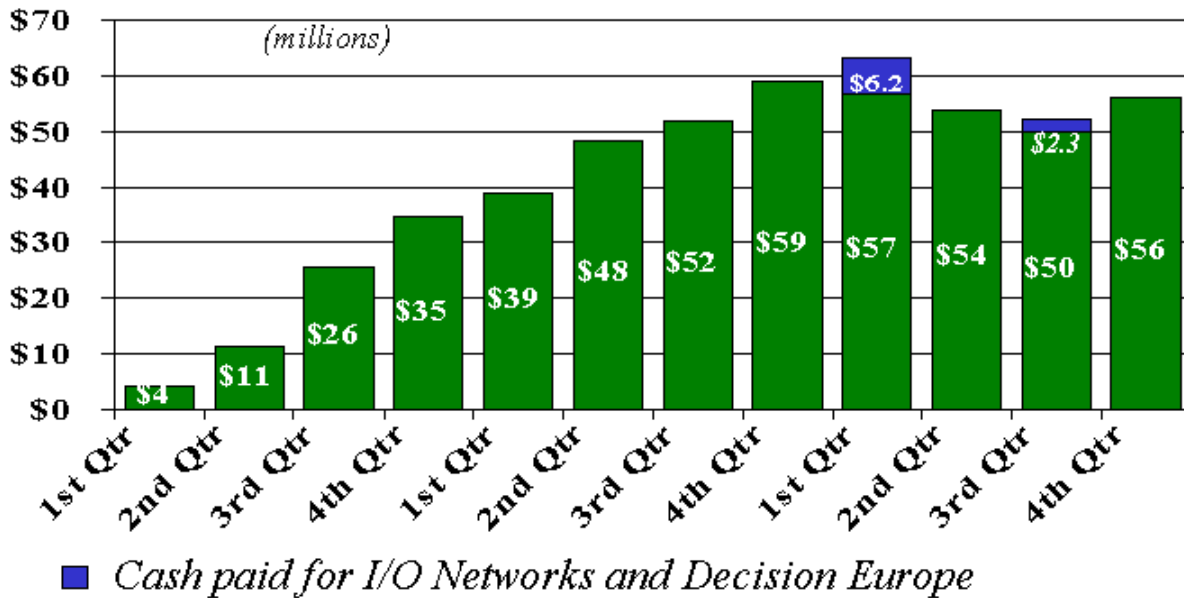
Experienced Senior Management Team

Senior Manager	Title	Years Experience	Start Date
Joe Dunsmore	Chairman, President & CEO	20	1999
Doug Glader	Senior VP, MiLAN GM	30	1994
Kris Krishnan	Senior VP, CFO	23	1999
Jon Nyland	VP Manufacturing	16	1993
Bruce Berger	VP GM Europe	18	2000
Burk Murray	VP Marketing	12	2000
Steve Popovich	VP GM I/O Networks	22	2000
Jim Tucker	VP Business Development	24	2001
Gregg Wilkes	VP Sales Americas	20	2000
Joel Young	VP R&D	15	2000



Strong Balance Sheet

Cash & Marketable Securities



Current Ratio is 5.2 to 1





2001 Year in Review

Sales	\$124.1 million
Net income (loss)	(\$1.783) million
Restructuring, Amortization & Asset write-down	\$6.744 million
Adjusted net income*	\$4.961 million
Cash flow (EBTDA)	\$11.8 million

** Net income excluding amortization of intangible assets acquired in business combinations, restructuring and asset impairment charges, net of taxes and related deferred tax benefits.*

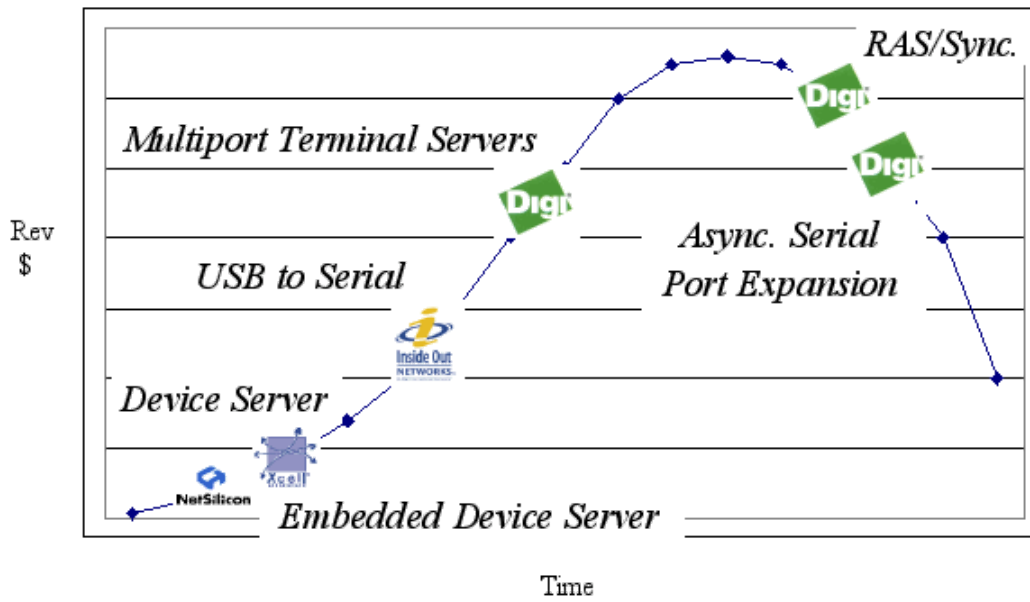


Digi Product Portfolio....#1 in Connectware

Platforms / Products	Digi Position
Async Multi-port Serial I/O	#1
Terminal Server	#1 or #2
USB	#1 
Device Server	Entered Q401
Silicon & Software	Pending 
802.11 to Serial/USB	Entered 3Q01

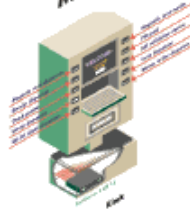
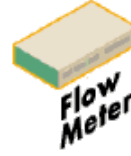


Market Life Cycle Position

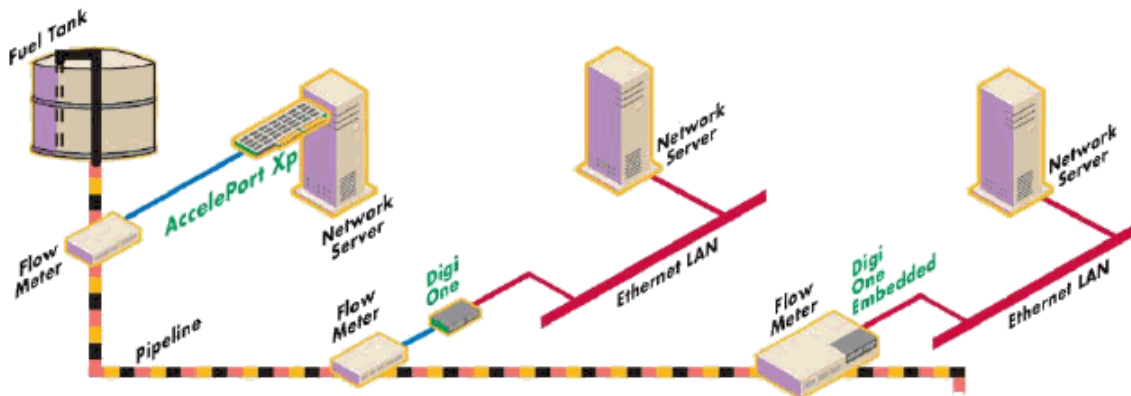




Connectware network-enables the essential devices that build business



Data Acquisition Example



Serial Card - Digi

- Serial cables must be run from server to each device.
- Network intelligence (TCP/IP protocol software) resides in server.

Digi One - Xcell

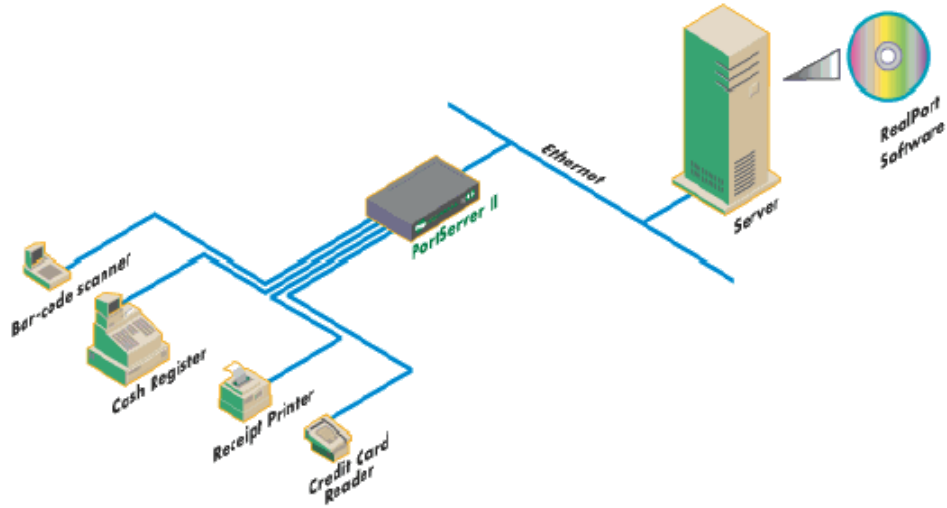
- Device attached to existing Ethernet via Digi One™.
- Network intelligence (TCP/IP) resides in Digi One device server.
- Easy to connect and manage new devices.

Embedded - NetSilicon

- Device attached directly to existing Ethernet, via Net+Works embedded module.
- Network intelligence (TCP/IP) resides in device.
- Inexpensive value-add to devices.



Retail Operations: Today





Why Digi is Acquiring NetSilicon?

NetSilicon's embedded device server product/technology continues the repositioning of Digi's Connectware product offering into growth markets



Why Digi is Acquiring NetSilicon?

NetSilicon's embedded device server product/technology enhances Digi's Connectware positioning into growth markets

- **Broadest line of network connectivity products**
 - **Doubles the growth rate of growth product revenue**
 - **Significantly accretive to earnings in 2003**
 - **Sustainable Value Proposition**
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The Combined Digi–NetSilicon Value Proposition Provides The Entire Spectrum of Intelligent Networked Device Solutions

Intelligent Device Connectivity Needs					
Installed Base		Shipping Products		Future and Next Generation Products	
Basic Box	Modifiable Box	Modifiable Board	Network Communications Co-processor	Single Processor for Network Communications and Applications	Network Communications Software

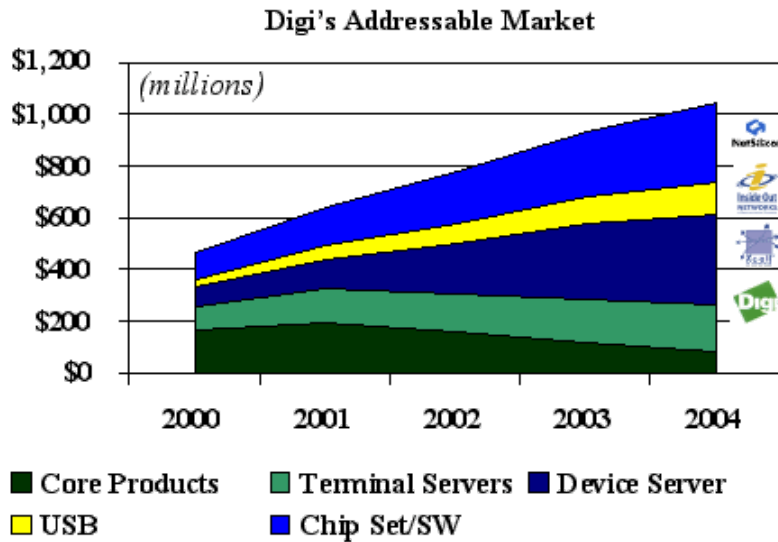
Key Advantages of Digi-NetSilicon

- One-Stop Shopping for Device Networking: From Box to Board to Embedded Solutions
 - Common Hardware, Software and Tools Across Portfolio: Product Compatibility and Continuity
 - Largest Engineering Staff of 100+ Dedicated to Networking Technology: Ongoing Innovation
 - We Become Our Customers Virtual Networking Department: Lowers Costs
 - Fastest Time to Market, Lowers Risk and Cuts Development Costs
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Growth Market for Connectware

- *Declining RAS & Async multi-port market*
- *Growing TS market*
- *High growth Thin Server & USB wired market*
- *TS, USB, and Device Server include Wireless interfaces*
- *Embedded chip set is high growth*



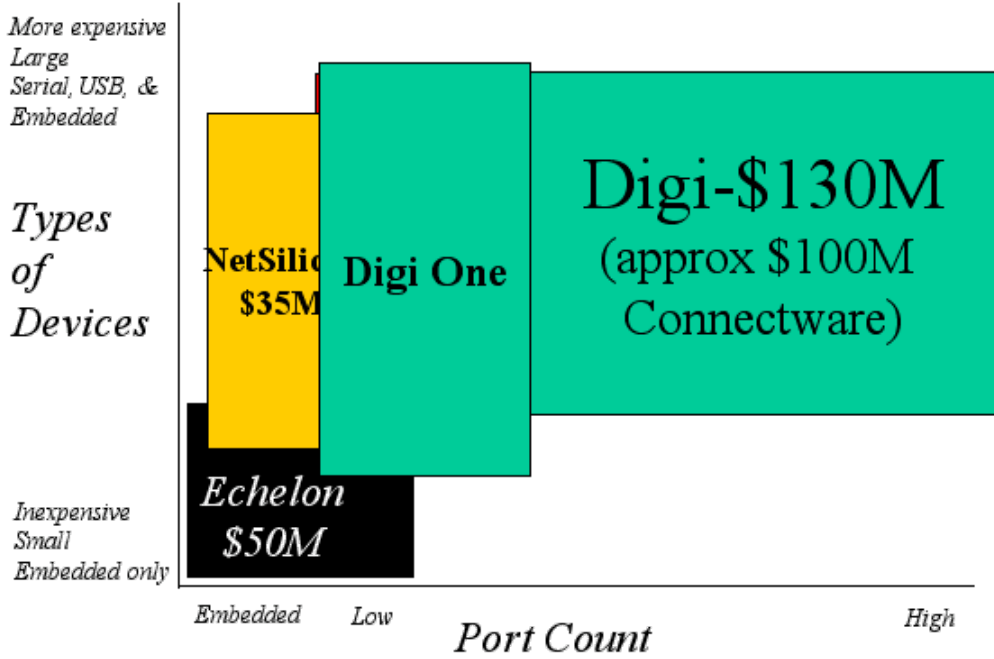
Source: Digi estimates based on Gartner Group, May 2000, Competitive 10Q's, PCData, and competitive intelligence



Device Connectivity



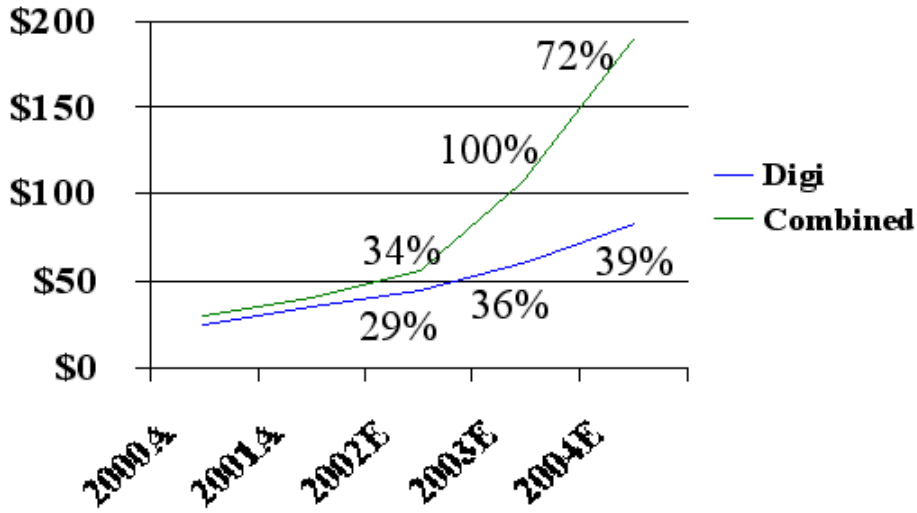
Competitive Positioning - Strategic Competitors





Growth Markets Forecast

Year over Year Growth



*Estimated




Competitor Valuation Comps based on 90 days (6/13-10/24)

	<i>Market Cap Average</i>	<i>Enterprise Value</i>	<i>Enterprise Value/ LTM Sales</i>
Digi	\$123.6M	\$81.7M	.6X
NetSilicon	\$48.5M	\$37.2M	1.1X
Lantronix	\$402.2M	\$386.8M	7X
Echelon	\$818.1M	\$696.6	13.5X



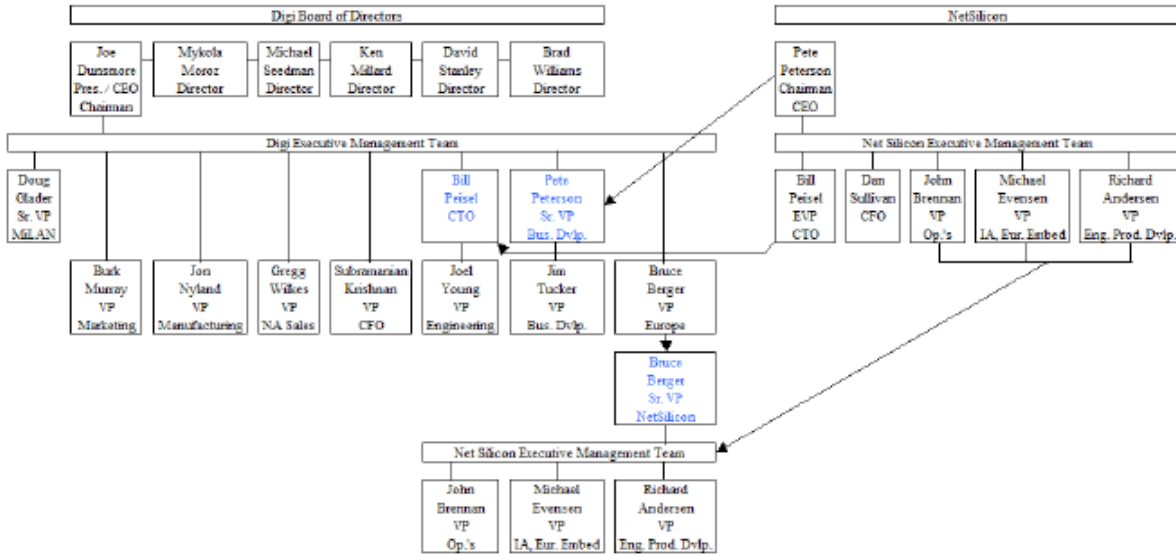
Enhanced Valuation

- Pure-play competitors in growth markets trade for between 4x – 7x revenue.
- Digi's legacy competitors in mature markets trade for 0.5x revenue

	<u>Digi 2002 Revenue Estimate</u>	<u>Average Competitor Revenue Multiple</u>	<u>Implied Valuation</u>
Products Addressing Growth Markets	\$ 41.0	5.0	\$ 205
Products Addressing Mature Markets	<u>\$ 64.5</u>	0.5	<u>\$ 32</u>
Total	\$ 105.5		\$ 237



Integration Plan





Acquisition Agreement

- Shares of NetSilicon will be exchanged for .65 shares of Digi stock
 - Digi to pay a maximum of \$15 million in cash, if cash is oversubscribed, cash will be distributed on a pro-rata basis
 - NetSilicon shareholders choose either cash, stock or a combination of cash and stock
 - Sorrento networks has indicated their approval of the transaction and their desire to receive the maximum amount of cash
 - Transaction subject to shareholder approval by both companies
 - Transaction expected to close by the end of the second fiscal quarter
 - Sorrento restricted in their ability to sell shares after closing of transaction
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Summary

- Full “Connectware” suite of products
- Common Vertical market focus on Industrial Automation
- Powerful Channel combination versus competitors
- Digi/NetSilicon combination results in company that is significantly larger than the next largest competitors (Lantronix, Echelon)
- Superior core technology, product line breadth (Device Servers/Terminal Servers), and channel strength & reach
- Embed NetSilicon core in Digi One Product Line
 - creates sustainable advantage