

# Digital Angel Corporation

## Special Conference Call for Investors

McMurdo Sale Transaction  
Digital Angel Position & Growth Potential

November 2, 2009

# Safe Harbor

*This document contains certain “forward-looking” statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Forward-looking statements included in this press release include, without limitation, future expectations in our financial performance; our ability to streamline our operations and drive our business towards profitability; and our expectations for the success of and cost savings resulting from our restructuring plan. These forward-looking statements are based on the Company's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions. Among the important factors that could cause actual results to differ materially from those expressed in, or implied by, the forward-looking statements are our ability to successfully implement our business strategy and restructuring plan; uncertainty as to our working capital requirements over the next 12 to 24 months; our ability to successfully obtain the necessary working capital to meet the operating needs of our businesses; our ability to successfully integrate the businesses of acquired companies; our ability to maintain compliance with the covenants of our credit facilities; the degree of success we have in leveraging our brand reputation; our ability to become a major player in the food source traceability and safety arena; our ability to successfully develop survival and emergency radios for the military and commercial uses; our reliance on third-party dealers and distributors to successfully market and sell our products; our ability to defend against costly product liability claims and claims that our products infringe the intellectual property rights of others; our ability to comply with current and future regulations relating to our businesses; our inability to meet all applicable Nasdaq Capital Market requirements; and our ability to maintain proper and effective internal accounting and financial controls. Additional information about these and other factors that could affect the Company's businesses is set forth in the Company's Form 10-K under the caption "Risk Factors" filed with the Securities and Exchange Commission ("SEC") on March 31, 2009, and subsequent filings with the SEC. The Company undertakes no obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this statement or to reflect the occurrence of unanticipated events, except as required by law.*

# Strategic Focus Decision



Divestiture of McMurdo  
Portsmouth, UK

## Emergency Identification

**SARBE**

**mcmurdo**  
EMERGENCY LOCATION BEACONS

- Global leadership position: maritime, aviation, & personnel
- Tracking for search & rescue operations
- GPS & satellite radio communications

## Animal Identification



Destron Fearing™

- Global leadership position: livestock, pets, wildlife & equine
- Food safety, pet recovery, & environmental protection
- RFID & visual identification

# McMurdo Deal Points



- Purchaser: France-based Orolia Group is a high-precision electronics technology company providing Positioning, Navigation and Timing solutions for critical operations
- \$10 Million Cash Total Consideration:
  - Asset sale: cash-free, debt-free transaction
  - No transfer of receivables or payables
  - \$10m “asset sale” price – adjustments for working capital and inventory
  - Escrow of \$1.5 million for warranties and indemnities
- Break-up fee payable of \$500,000 payable if either party fails to close and all conditions to closing are met
- Agreement signed November 2, 2009. Closing targeted for November 20, 2009
- Realized value maximized due to COSPAS-SARSAT system changeover, FAST FIND introduction

# McMurdo Acquisition and Divestiture

	<u>Acquisition</u>	<u>Proposed Divestiture</u>
Closing Date	April 5, 2007	November 20, 2009
Price	£ 3.6m \$ 7.3m	£ 6.2m \$ 10.0m

- *Acquisition of McMurdo from Chemring Europe, Ltd was transacted in £ Sterling.*
- *Proposed divestiture of McMurdo to Orolia SA will be transacted in \$ US*
- *Portsmouth facility was never integrated with Signature in Thamesmead; clean divestiture*

# Benefits to Digital Angel

## Decision to Focus on One Core Business

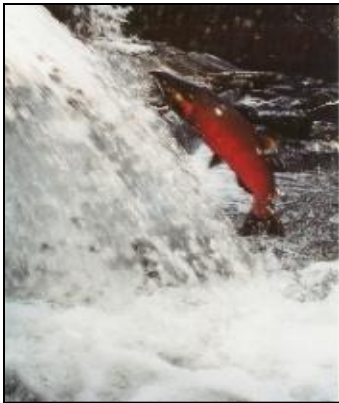
- Cash proceeds from McMurdo sale to pay down corporate debt and provide funds for product development and marketing to grow the Animal ID business
- Continue to operate remaining Signature Industries businesses and position them for maximization of value
- McMurdo represented approximately 45% of Emergency ID revenues

### *Emergency ID: Signature Industries, Limited Subsidiary - businesses*

- SARBE – military GPS beacons – focus continues on PELS contract for UK Ministry of Defense and future AAPLB new customers
- Clifford & Snell – emergency annunciation devices for hazardous environments
- Signature Communications – sales, lease & service of emergency radio systems

# Animal ID

## Destron Fearing



# Animal ID

## Market Segments

- Livestock
  - Swine – market leader in North America
  - Beef – strong position with many acquisition opportunities
  - Dairy – good market for rTag to improve efficiencies for operators
  - Sheep & Goats – major opportunity in EU and UK with new electronic ID tag requirements in 2010
  - Equine – small but fast-growing niche
- Companion Animal – Relationship with Schering-Plough Intervet continues; expect to renew in 2010. Opportunity to leverage higher industry growth rate internationally
- Fish & Wildlife – developing new products; solid relationship with Dept. of Energy in Pacific Northwest

# Animal ID

## Destron Fearing Outlook

- **Board and Management decision to focus primarily on Destron Fearing, a leading animal identification company since the 1940s**
- **Known for product innovation. Pioneered RFID tags in the early 1990s**
- **With improved balance sheet, better access to capital should enable an aggressive growth strategy beginning in 2010 and beyond**
  
- **Opportunities**
  - **Enhanced new product development and faster rollout**
  - **More resources for marketing & sales**
  - **Further geographic expansion into Latin American, Pacific markets, e.g. Australia, NZ, SE Asia, via new distribution agreements**
  
- **Acquisition Strategy**
  - **Targets identified across all segment niches**

# Digital Angel Corporation



Destron Fearing™