

**CHARTER OF THE  
COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
DIGITAL ANGEL CORPORATION**

**June 20, 2008**

**PURPOSE AND AUTHORITY:**

The Compensation Committee (the “Committee”) is established by the Board of Directors (the “Board”) of Digital Angel Corporation (formerly Applied Digital Solutions, Inc.) (the “Company”) for the primary purposes of:

1. overseeing the Company’s compensation and employee benefit plans, policies and practices, including the compensation plans for executive officers and directors of the Company; and
2. reviewing and discussing with management the Company’s compensation discussion and analysis (“CD&A”) section and preparing the Compensation Committee Report to be included in the Company’s annual proxy statement.

The Committee shall have unrestricted access to Company personnel documents, the Company’s executive officers, including the Chief Executive Officer, directors and any other Company staff it deems appropriate.

The Committee has the authority to obtain advice and assistance from outside advisors as it deems appropriate to perform its duties and responsibilities, and to hire and terminate such advisors. The Company will provide appropriate funding, as determined by the Committee, for compensation to any advisors that the Committee chooses to engage and for payment of ordinary administrative expenses of the Committee that are necessary or appropriate for the Committee to perform its duties and responsibilities.

**MEMBERSHIP:**

The Committee shall consist of at least two (2) directors. Each member shall, in the business judgment of the Board, qualify as: (1) an “independent director” under the rules of The NASDAQ Stock Market, Inc., Rule 10A-3 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), and the rules and regulations of the Securities Exchange Commission (“SEC”); (2) a “non-employee director” within the meaning of Rule 16b-3 promulgated under the Exchange Act; and (3) an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws.

The members of the Committee, as well as its chairperson, shall be elected by the majority vote of the full Board. Each member shall serve until such member's successor is duly elected or qualified or until such member's earlier resignation, removal or death.

#### MEETINGS AND REPORTS:

The Committee shall meet at least two (2) times each year, whether in person or by video or telephone conference, and has the authority to convene additional meetings. The Committee may take action either by a majority of the members of the Committee at a meeting or by unanimous written consent of all members of the Committee. Meeting minutes will be prepared and maintained by the chairperson of the Committee, or by the recording secretary of the meeting at the chairperson's direction.

The Committee shall provide reports to the Board regarding action taken by the Committee and any recommendations to the Board approved by the Committee. Copies of the written minutes of all Committee meetings and copies of all written consents shall be provided to the Board.

#### RESPONSIBILITIES:

The responsibilities of the Committee shall include:

1. Review at least annually the goals and objectives of the Company's compensation plans;
2. Review at least annually the overall compensation plans, policies and practices of the Company in light of the goals and objectives of the Company's compensation plans;
3. Evaluate annually the performance of the Chief Executive Officer and other executive officers of the Company in light of the goals and objectives of the Company's compensation plans;
4. Recommend and approve any compensation for the Chief Executive Officer and other executive officers of the Company;
5. Recommend and approve any severance or termination arrangement to be made with the Chief Executive Officer or any other executive officer of the Company;
6. Recommend for approval by the Board any employment agreement with the Chief Executive Officer or any other executive officer of the Company;
7. Review and approve the adoption of, or amendments to, stock option, stock purchase, stock-based incentive or other incentive plans of the Company;
8. Recommend and approve any grants or awards under any stock option, stock

- purchase, stock-based incentive, bonus compensation or other incentive plans of the Company and otherwise approve such grants as compensation;
9. Recommend and approve the adoption of, or amendments to, any retirement, pension, profit sharing, savings or deferred compensation plans;
  10. Recommend and approve the adoption of, or amendment to, annual bonuses and other incentive plans of the Company, including performance standards related thereto;
  11. Recommend for approval by the Board a policy regarding compensation for directors and recommend for approval by the Board compensation for directors consistent with such policy;
  12. Review perquisites and other personal benefits to the Company's executive officer and directors and recommend any changes to the Board.
  13. Review and discuss with management the Company's CD&A to be included in the Company's annual proxy statement. The Committee should also discuss the above among themselves, without others present. As a result of these discussions, the Committee shall recommend to the Board whether the CD&A should be included in the Company's annual proxy statement;
  14. Prepare the Compensation Committee Report required by the rules of the SEC to be included in the Company's annual proxy statement;
  15. Review the description of the Committee's processes and procedures for the consideration and determination of executive officer and director compensation to be included in the Company's annual proxy statement;
  16. Review and reassess the adequacy of this Charter periodically (but at least annually) and recommend any proposed amendments to the Board for approval;
  17. Review and evaluate the Committee's performance of its responsibilities outlined in this Charter annually;
  18. Carry out such other duties and responsibilities as mandated by the Board.