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Recent Events: The March 2002 merger of Digital Angel Corp. into Medical Advisory Systems (DOC) created a newly structured public company. It adopted the Digital Angel Corp. name and retained the DOC trading symbol. With roughly \$41 million in 2001 pro forma revenue, the "new" Digital Angel Corp. is launching two innovative alert and identification products: the GPS-enabled Digital Angel™ wristwatch/pager device and an implantable microchip for humans that is the size of a grain of rice.

FOCUS POINTS

(1) *This newly formed company is hardly an eager startup waiting to build a revenue stream — it comes to market as a proven innovator of leading-edge technology with a diversified and established product base. It is already the world leader in implantable microchips for the animal kingdom, with more than 25 million pets, fish and livestock "chipped."*

(2) *Digital Angel Corp. also owns and operates a unique 24/7, physician-staffed call center, with 20 years' experience in providing medical consultations and assistance services to the maritime and airline industries, international travelers, and individuals working in remote locations worldwide.*

(3) *In 2001, pro forma revenue of the merged companies totaled approximately \$41 million.*

(4) *A comprehensive study by McKinsey & Co. concluded that Digital Angel Corp.'s existing and developmental products and services could tap 26 market segments, with an estimated market size of nearly \$70 billion in the US alone.*

HIGHLIGHTS

- Digital Angel Corp. is the first company to offer a location and alert system that combines GPS and sensor technologies with 24/7 phone and e-mail alerts to subscribers with a wristwatch/pager device called Digital Angel™.

- The company's patented microchip identification system, designed for implanting beneath the skin, has already made it the worldwide leader in pet identification, with more than 25 million cats, dogs, fish and livestock "chipped" worldwide.

- The company's proprietary technologies are protected by more than 50 issued patents worldwide as well as several additional U.S. and international patent-

Digital Angel Corp. (AMEX: DOC)

Recent Price:	\$3.00
Common Shares Outstanding:	26.4 million
Approx. Float:	4.7 million
Approx. Market Cap:	78 million
Last FY Revenue: (Pro Forma)	\$41 million
Fiscal Year Ends:	December 31

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pending applications.

- In April 2002, Digital Angel Corp. entered into a 10-year agreement to supply Brazil's Ministry of Agriculture with proprietary technology and technical assistance to design and implement a national livestock tracking system.

- Digital Angel Corp. licensed the necessary technology to a subsidiary of Applied Digital Solutions to market a new and unique human subdermal ID chip called VeriChip™.

- Digital Angel Corp.'s CEO, Randolph K. Geissler, has been successfully managing Digital Angel Corp. and other business units which until recently were subsidiaries of Applied Digital Solutions. For the previous 8 years he was CEO of an implantable microchip ID business which was a Nasdaq-traded company (Nasdaq: DFCO).

OVERVIEW

The merger between Digital Angel Corp., a wholly owned subsidiary of Applied Digital Solutions, Inc. (Nasdaq: ADSX) of Palm Beach, FL and Medical Advisory Systems, Inc. (AMEX: DOC) of Owings, MD was completed on March 27, 2002. The combined companies adopted the name Digital Angel Corp. for the newly formed entity and retained the DOC symbol. It is believed to be the first and only public company to combine advanced personal safety, identification and location technology with an established 24/7 physician-staffed call center service.

Digital Angel Corp. is a leading innovator in personal safety and location products. Its systems pinpoint the exact location of people, pets and objects. They enable subscribers and commercial customers to quickly find out if there's a problem so that immediate action can be taken.

Turning Alerts Into Help, The Digital Angel Way

No other GPS-linked alert/location system offers the feature richness of the Digital Angel, complete with future 24/7 availability of trained medical professionals.

Medical Advisory Systems of Owings, MD, now part of Digital Angel Corp., added a critical component to the product offering with its nearly 20 years' experience in providing real-time medical advice to ships at sea and aircraft in flight. It operates a 24/7, physician-staffed call center that provides health care to remote locations through one-on-one "chats" with a physician via the Internet or telephone.

A pioneer in telemedicine, the company is known as the "911 of the sea." Its clients include Chevron, Shell Oil, MAERSK, University National Oceanographic Laboratory System (UNOLS), and the National Oceanographic and Atmospheric Administration (NOAA).

As part of the "new" Digital Angel Corp., the 24/7 facility provides the "voice" to the Digital Angel wireless transmitter, receiving emergency alarms and assisting wearers or their caregivers.

One of the company's earliest inventions was a tiny implantable microchip, about the size of a grain of rice, which can be embedded under the skin of animals and queried by a hand-held scanner to provide identification. These patented, implantable microchips are marketed worldwide through veterinarians for identifying pets. They are also widely used in the livestock markets and by the U.S. Department of Energy in the fishery and wildlife industries.

Digital Angel Corp. recently announced that it began supplying its implantable ID microchip for human use

under license to VeriChip Corp., a subsidiary of Applied Digital Solutions. This

Livestock Management Tools

Digital Angel Corp.'s technology is penetrating deep into the infrastructure of the livestock industry, helping producers comply with new food safety concerns and better manage the productivity of their animals.

Traceability — Digital Angel Corp.'s first major contract for livestock traceability systems is a 10-year agreement with the Brazilian government announced in April 2002. Digital Angel Corp. will help the world's largest producer of beef design and implement a livestock tracking system that could serve as a model for other beef-producing regions. Initially it will enable Brazil's beef exporters to comply with import regulations issued by the European Union and other governments. Certain of these regulations will go into effect this summer, while others for both exported and domestically consumed product will be phased in over the coming five years.

Productivity — Beginning with the pork industry in the US, Digital Angel Corp. introduced a microchip-based management system that is the first of its type in the livestock industry. PigSMART™ is a swine management tool that automates collection and storage of data on individual animals, personnel and husbandry practices. It provides "real-time" reports for immediate decisions, trend analysis, and performance assessment. Its benefits include: (1) carcass-tracking; (2) inventory control and supply chain management; (3) herd health journal; and (4) individual animal quality and productivity reports.

product has been widely reported recently in major media such as *Time Magazine*, *The New York Times*, and on network television programs including *Good Morning America*, *The Today Show*, *The View* and *The O'Reilly Factor*.

PERSONAL SAFETY AND ID SYSTEMS

Digital Angel™ — Digital Angel™ technology is the first-ever combination of advanced sensor technology and web-enabled wireless telecommunications linked to GPS. When triggered by an "event," the Digital Angel system sends alert information about the wearer to a monitoring station.

The data is accessible over the Internet to authorized individuals wanting to keep track

of a child, an elderly parent, an Alzheimer's patient or a parolee, as examples.

The current model provides geofencing, monitors ambient temperature and motion, and signals a WanderAlert to a designated caregiver if pre-set boundaries for the wearer have been crossed.

Future models may include sensors to monitor body temperature, blood oxygen levels, glucose levels, and other physiological parameters.

The Digital Angel technology could be used by military and law enforcement agencies to track the location of tactical personnel.

VeriChip™ — Digital Angel Corp. recently began manufacturing a human subdermal chip called VeriChip™ for a subsidiary of Applied Digital Solutions, which markets it under exclusive license. The chip, which is roughly the size of a grain of rice, contains a tiny radio transmitter encoded with a unique identification number.

As an external scanner, also manufactured by Digital Angel Corp., is passed over the skin, it energizes the dormant chip so that it transmits its information to the scanner. The VeriChip insertion procedure is performed in an outpatient office setting with local anesthesia.

ANIMAL MARKET PRODUCTS

More than 25 million pets, fish and livestock are protected globally by Digital Angel Corp.'s microchips, which are read by handheld scanners in over nearly 70,000 veterinary clinics and animal shelters around the world. In the US alone, more than 4,000 pets are returned to their owners each month, thanks to these implanted microchips, invented and patented by Digital Angel Corp.

The grain-of-rice-sized chip for animals contains a tiny radio transmitter encoded with a unique identification number on file at a central phone-in database registry.

The chip is inserted under the skin at the veterinarian's office and the one-time cost to the pet owner is usually \$50-65.

Digital Angel Corp. has formed strategic partnerships with leading multinational pharmaceutical firms to market the chip under license, including Schering-Plough, Merial (Merck) and Dainippon Pharmaceutical.

In the near future, Digital Angel Corp. expects to bring forth a major advance in the miniaturization of GPS and data communications technology, reducing it to a physical size no larger than a matchbook, complete with antenna.

SUMMARY POINTS

- **Digital Angel Corp. is commercializing two major new products — not as a startup, but as a proven innovator of new technology to emerging markets.**
- **Livestock management and food safety programs present a significant business opportunity.**
- **The company's proprietary technologies are protected by more than 50 issued patents worldwide as well as several US and international patent-pending applications.**
- **An experienced public company management team is in place, headed by CEO Randolph K. Geissler, who ran Digital Angel Corp. and its predecessor company (Nasdaq: DFCO), acquired by Applied Digital Solutions in 2000.**
- **Revenue growth in the current year will come principally from core products in the companion pet and animal identity markets; new products for the human and livestock management markets are expected to contribute significantly starting in 2003.**
- **The growing country-by-country implementation of modern livestock identity/safety programs is expected to accelerate adoption of the company's technology for livestock management tools designed to increase productivity and lower costs.**

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