

DIGITAL ANGEL CORP
Form 8-K
September 24, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

September 21, 2007

Digital Angel Corporation

(Exact name of registrant as specified in its charter)

Delaware

1-15177

52-1233960

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

490 Villaume Avenue, South St. Paul,
Minnesota

55075

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(651) 455-1621

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On September 21, 2007, the Compensation Committee of Digital Angel Corporation's (the "Company") Board of Directors established the Annual Targets for the 2007 fiscal year for the Digital Angel Corporation Annual Incentive Plan (the "Plan"). The Plan was previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 9, 2006. The targets are based on the following metrics: Revenue, Operating Income and Cash. Under the Plan, the Compensation Committee determines the participants entitled to participate in the Plan. The list of eligible participants remains the same as previous years, except that the Chief Executive Officer (the "CEO"), Barry Edelstein, is not eligible to participate. Each participant's bonus amount is calculated based on an analysis of performance based on the established targets and individual performance objectives and is subject to the discretion of the CEO. The maximum award under the Plan varies based upon the participant's level and performance. Targets have been set for the various senior executives participating in the Plan at 60% of their base salary and executives participating in the Plan at 30% of their base salary. In no event can amounts awarded under the Plan exceed 120% for senior executives and 60% for executives of their base salary. The minimum targets have been set for senior executives participating in the Plan at 30% and executives participating in the Plan at 15% of their base salary. Under the Plan, determination of awards and actual performance is the responsibility of the Compensation Committee, which reserves the right, in its sole discretion, to increase or decrease awards to participants.

On September 21, 2007, the Compensation Committee also approved an increase in David Cairnie's compensation, to be effective as of October 1, 2007, in recognition of his role in the success of the McMurdo Limited acquisition and his increased level of responsibility for the merged operations. The Compensation Committee approved an increase in Mr. Cairnie's salary to \$312,515, a guaranteed bonus on September 1, 2008 in the amount of \$20,381, and an annual car allowance in the amount of \$20,100. Mr. Cairnie's compensation was granted in British Pounds or GBP. This Current Report on Form 8-K reflects the amounts converted into U.S. dollars at an exchange rate of 2.01 on September 21, 2007.

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SIGNATURES

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 hereunto duly authorized.

September 24, 2007

Digital Angel Corporation

By: */s/ Patricia M. Petersen*

Name: Patricia M. Petersen

Title: Vice President, General Counsel and Secretary