

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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APPLIED DIGITAL SOLUTIONS INC

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**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): December 4, 2007

APPLIED DIGITAL SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other Jurisdiction of
Incorporation)

0-26020

(Commission File Number)

43-1641533

(IRS Employer Identification No.)

1690 SOUTH CONGRESS AVENUE, SUITE 200

DELRAY BEACH, FLORIDA

(Address of Principal Executive Offices)

33445

(Zip Code)

Registrant's telephone number, including area code: **561-805-8000**

(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 1.01 Entry into a Material Definitive Agreement.

On December 4, 2007, Applied Digital Solutions, Inc., a Delaware corporation (“Applied Digital”), Digital Angel Corporation, a Delaware corporation and majority-owned subsidiary of Applied Digital (“Digital Angel”), and Digital Angel Acquisition Corp., a Delaware corporation and wholly-owned subsidiary of Applied Digital (the “Acquisition Subsidiary”), entered into Amendment No. 1 to Agreement and Plan of Reorganization (“Amendment No. 1”). Amendment No. 1 amends the Agreement and Plan of Reorganization (the “Merger Agreement”) dated August 8, 2007, pursuant to which the Acquisition Subsidiary will be merged with and into Digital Angel, with Digital Angel surviving and becoming a wholly-owned subsidiary of Applied Digital (the “Merger”).

Amendment No. 1 provides that the unaffiliated vote required to approve and adopt the Merger Agreement is the affirmative vote of a majority of the votes cast at the Special and Annual Meeting by holders of Digital Angel common stock, other than Applied Digital and its affiliates, rather than holders of a majority of the outstanding shares not held by Applied Digital and its affiliates. As a result, in order to complete the Merger, the holders of a majority of the outstanding shares of Digital Angel common stock and the holders of a majority of the votes cast by holders other than Applied Digital and its affiliates must approve and adopt the Merger Agreement. Since Applied Digital owned as of the record date 55.6% of the outstanding shares of common stock of Digital Angel, the first vote requirement, which meets the legal requirements of the state of Delaware, has been met.

A copy of Amendment No. 1 is attached as Exhibit 2.1 to this Current Report on Form 8-K. A copy of the Merger Agreement was previously filed on August 9, 2007 as Exhibit 2.1 to Current Report on Form 8-K.

Item 8.01 Other Events.

At the Special Meeting of Stockholders of Applied Digital held on November 27, 2007, Applied Digital adjourned the meeting to give stockholders additional time to consider the proposal relating to the increase in its number of shares of capital stock, although Applied Digital has determined it has sufficient shares to effect the merger. While the votes cast were overwhelmingly in favor of this proposal, an insufficient number of shares were voted to approve this proposal and therefore Applied Digital is adjourning the meeting to solicit additional proxies. For this purpose, the Applied Digital Special Meeting will be reconvened at 9:00 a.m., Eastern Standard Time, on December 21, 2007 at the Renaissance Boca Raton Hotel, 2000 N.W. 19th Street, Boca Raton, Florida. The record date for stockholders entitled to vote at the reconvened meeting remains September 28, 2007.

A copy of the letter to stockholders regarding the adjournment and Amendment No. 1 is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

2.1 Amendment No. 1 to Agreement and Plan of Reorganization, dated as of December 4, 2007, by and among Applied Digital Solutions, Inc., Digital Angel Corporation and Digital Angel Acquisition Corp.

99.1 Letter to stockholders dated December 4, 2007.

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
2.1	Amendment No. 1 to Agreement and Plan of Reorganization, dated as of December 4, 2007, by and among Applied Digital Solutions, Inc., Digital Angel Corporation and Digital Angel Acquisition Corp.
99.1	Letter to stockholders dated December 4, 2007.

**AMENDMENT #1
TO
AGREEMENT AND PLAN OF REORGANIZATION**

THIS AMENDMENT #1 TO AGREEMENT AND PLAN OF REORGANIZATION (this "Amendment") dated as of December 4, 2007 is entered into by and among Digital Angel Corporation, a Delaware Corporation ("Company"), Applied Digital Solutions, Inc., a Delaware corporation ("Acquiror") and Digital Angel Acquisition Corp., a Delaware corporation ("MergerCo").

WHEREAS, Acquiror, Company and MergerCo entered into that certain Agreement and Plan of Reorganization dated August 8, 2007 (the "Agreement") in connection with the potential combination of the Company and Acquiror;

WHEREAS, the Company Special Committee and the Acquiror Special Committee recommended to the Company Board and Acquiror Board, respectively, that the second part of the definition of Requisite Stockholder Vote in the case of the Company be revised to provide for the affirmative vote of the holders of a majority of the votes cast by holders other than Acquiror and Acquiror's Affiliates as opposed to a majority of the outstanding minority shares and the Company Board and the Acquiror Board have each determined that a modification to the Agreement in this regard is appropriate; and

WHEREAS, the definitions of certain capitalized terms used herein shall be as set forth in the Merger Agreement except as revised herein.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Modification to the Agreement. The definition of "Requisite Stockholder Vote" contained in Section 1.1 Certain Definitions of the Agreement is hereby amended by deleting the existing language in its entirety and inserting the following therefore:

"Requisite Stockholder Vote" means in the case of the Company, the affirmative vote of holders of shares of the Company Common Stock necessary to effectuate the Merger pursuant to the laws of Delaware and the Company's certificate of incorporation, as well as the affirmative vote of a majority of the votes cast at the Company Stockholders Meeting by holders other than Acquiror and Acquiror's Affiliates, and in the case of Acquiror, the affirmative vote of the holders of a majority of the total shares of Acquiror Common Stock cast at the Acquiror Stockholders Meeting.

2. Conflict. In the event of any conflict between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall prevail. Otherwise, except as specifically set forth in this Amendment, all the terms and conditions of the Agreement are hereby ratified and affirmed.

3. Entire Agreement. This Amendment, the Agreement (together with the Disclosure Schedules and the Mutual Nondisclosure and Confidentiality Agreement dated June 5, 2007) represents the entire agreement among the parties relating to the subject matter hereof and thereof, and supersede and cancel any and all prior oral or written agreements among them, relating to the subject matter hereof and thereof and may not be amended or modified except by a written agreement signed by each party hereto.
4. Counterparts. This Amendment may be executed in several counterparts, and all counterparts so executed shall constitute one agreement, binding on the parties hereto, notwithstanding that such parties are not signatory to the same counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

DIGITAL ANGEL CORPORATION

By: /s/ Barry M. Edelstein
Name: Barry M. Edelstein
Its: Chief Executive Officer and President

APPLIED DIGITAL SOLUTIONS, INC.

By: /s/ Michael E. Krawitz
Name: Michael E. Krawitz
Its: Chief Executive Officer and President

DIGITAL ANGEL ACQUISITION CORP.

By: /s/ Michael E. Krawitz
Name: Michael E. Krawitz
Its: Chief Executive Officer and President

(Signature Page to Amendment #1 to Agreement and Plan of Reorganization)

To the stockholders of Applied Digital Solutions, Inc. and Digital Angel Corporation:

On or about October 5, 2007, we mailed to you a joint proxy statement/prospectus dated October 5, 2007 relating to, among other items, the proposed merger involving Applied Digital and Digital Angel. This supplement provides additional information regarding the status of the proposed merger.

Results of Digital Angel Special and Annual Meeting

On November 27, 2007, Digital Angel held its Special and Annual Meeting of Stockholders where stockholders approved all proposals, except one approval standard was not met in connection with the approval and adoption of the agreement and plan of reorganization, which we refer to as the merger agreement, dated as of August 8, 2007, among Digital Angel, Applied Digital and Digital Angel Acquisition Corp., a wholly-owned subsidiary of Applied Digital. The merger proposal was approved by a majority of those shares that were actually voted, a majority of shares outstanding, and a majority of shares not held by Applied Digital or its affiliates that were voted, but insufficient votes were cast to approve the proposal by a majority of outstanding shares not held by Applied Digital or its affiliates. In other words, of the shares that are not owned by Applied Digital or its affiliates, stockholders that cast votes, voted a majority of those shares in favor of the proposal, but many stockholders simply did not vote. As of the Special and Annual Meeting, 90.65% of the shares voted were cast in favor of the proposal. That equated to holders of approximately 69% of the outstanding shares of Digital Angel common stock not held by Applied Digital and its affiliates voting to approve and adopt the merger agreement. In addition, approximately 66% of the votes cast by holders of common stock other than Applied Digital and its affiliates had voted to approve and adopt the merger agreement.

On December 4, 2007, after careful consideration, the boards of directors of Applied Digital and Digital Angel, based on the recommendation of the special committees of independent directors of Applied Digital and Digital Angel, agreed to amend the merger agreement to modify the Digital Angel vote requirement. The amendment to the merger agreement has been filed as an exhibit to the respective Form 8-K filed by Applied Digital and Digital Angel on December 4, 2007. The amendment provides that the unaffiliated vote required to approve and adopt the merger agreement is the affirmative vote of a majority of the votes cast at the Special and Annual Meeting by holders of Digital Angel common stock, other than Applied Digital and its affiliates, rather than holders of a majority of the outstanding shares not held by Applied Digital and its affiliates. As a result, in order to complete the merger, the holders of a majority of the outstanding shares of Digital Angel common stock and the holders of a majority of the votes cast by holders other than Applied Digital and its affiliates must approve and adopt the merger agreement. Since Applied Digital owned as of the record date 55.6% of the outstanding shares of common stock of Digital Angel, the first vote requirement, which meets the legal requirements of the state of Delaware, has been met.

The respective boards of directors continue to believe that in order to complete the merger, it is necessary that the holders other than Applied Digital and its affiliates approve and adopt the merger agreement. However, both boards of directors have recognized the practical difficulties in reaching the higher vote threshold in light of the fact that most of the Digital Angel shares are held by stockholders through broker-dealers (i.e., are held in street name) and, as a consequence, it is difficult to obtain the vote of these stockholders on the merger proposal. Accordingly, the respective boards of directors believe, based on the recommendation of the respective special committees, that modification to the Digital Angel minority vote requirement is appropriate. By requiring a majority of the votes cast, rather than a majority of the votes outstanding, the boards of directors believe it is more likely that the merger will be completed, which they believe is in the best interests of their respective stockholders.

At the Special and Annual Meeting of Stockholders, Digital Angel adjourned the meeting to give stockholders additional time to consider the proposal to approve and adopt the merger agreement to 10:00 a.m., Eastern Standard Time, on December 7, 2007 at Digital Angel' s offices at 1690 S. Congress Avenue, Delray Beach, Florida. However, in order to give stockholders additional time to consider the amendment to the merger agreement, Digital Angel intends to hold the December 7, 2007 for the sole purpose of adjourning the meeting. The reconvened meeting will be held at 10:00 a.m., Eastern Standard Time, on December 21, 2007 at the Renaissance Boca Raton Hotel, 2000 N.W. 19th Street, Boca Raton, Florida, to consider the proposal to approve and adopt the merger agreement, as amended. The record date for stockholders entitled to vote at the reconvened meeting remains September 28, 2007.

Results of Applied Digital Special Meeting

On November 27, 2007, Applied Digital held its Special Meeting of Stockholders where stockholders approved all proposals except for the proposal to approve and adopt an amendment to Applied Digital' s certificate of incorporation to increase the total number of authorized shares of Applied Digital capital stock from 130 million shares, of which 125 million shares are common stock, to 170 million shares, of which 165 million shares will be common stock. This proposal requires the affirmative vote of a majority of the outstanding shares entitled to vote at the Special Meeting. For this purpose, the Special Meeting will be reconvened at 9:00 a.m., Eastern Standard Time, on December 21, 2007 at the Renaissance Boca Raton Hotel, 2000 N.W. 19th Street, Boca Raton, Florida. The record date for stockholders entitled to vote at the reconvened meeting remains September 28, 2007.

As disclosed in the joint proxy statement/prospectus, Applied Digital stockholders were being asked to approve and adopt an amendment to Applied Digital' s certificate of incorporation to increase the number of authorized shares of Applied Digital capital stock from 130 million shares, of which 125 million shares are common stock, to 170 million shares, of which 165 million shares will be common stock in order to effectuate the merger. Applied Digital' s and Digital Angel' s respective officers and directors have signed lock-up agreements prohibiting the exercise of any options held by them until the earlier of (i) filing of the amendment to the Applied Digital certificate of incorporation with the Delaware Secretary of State, (ii) Applied Digital having a sufficient number of authorized shares of common stock available for issuance, and (iii) with respect to Digital Angel' s officers and directors, termination of the merger between Digital Angel and Applied Digital. As of December 4, 2007 and with the lock-up agreements described above, Applied Digital had a sufficient number of shares of common stock authorized to complete the merger. Thus, while Applied Digital stockholders are still being asked to approve this proposal, the additional shares will be used for general corporate purposes, rather than in connection with effecting the merger.

The additional shares of capital stock to be authorized would be available to Applied Digital for issuance upon the exercise of stock options and for stock dividends and/or stock splits should the board of directors decide that it would be desirable, in light of market conditions then prevailing, to broaden the ownership of, and to enhance the market for, the shares of Applied Digital capital stock. Additional shares of the capital stock would also provide needed flexibility for future financial and capital requirements so that proper advantage could be taken of market conditions and possible business acquisitions. The additional shares would be available for issuance for these and other purposes, subject to the laws of the state of Delaware and the rules of the Nasdaq Capital Market, at the discretion of the Applied Digital board of directors without, in most cases, the delays and expenses attendant to obtaining further stockholder approval.

* * *

The boards of directors continue to believe that this merger is fair to and in the best interests of the stockholders of Applied Digital and Digital Angel. If Digital Angel stockholders approve and adopt the merger agreement, as amended, the boards of directors anticipate that the merger will be completed on or around December 28, 2007.

At the reconvened meetings, Digital Angel stockholders are voting only on the proposal to approve and adopt the merger agreement and Applied Digital stockholders are voting only on the proposal to approve and adopt an amendment to Applied Digital's certificate of incorporation. If you have already delivered a properly executed proxy and do not wish to change your vote, there is no need to take any additional action. We have enclosed a duplicate proxy that may be used if you wish to change your vote or, if a proxy has not previously been returned, to vote for the first time. Please note that if you wish to vote by telephone or internet, you must vote by 11:59 p.m. Eastern Standard Time on December 20, 2007. You have the right to revoke your proxy any time prior to voting at the applicable reconvened meeting.

If you have any questions about the merger or how to submit or revoke your proxy, or if you need additional copies of the joint proxy statement/prospectus, proxy cards or voting instructions, please contact:

D.F. King & Co., Inc.
48 Wall Street
New York, New York 10005
Telephone: (800) 967-7635

This supplement to the joint proxy statement/prospectus is first being mailed to Applied Digital and Digital Angel stockholders on or about December 6, 2007.

This prospectus supplement is dated December 6, 2007.

Information contained in this supplement may contain forward-looking statements, including, for example, statements about the benefits and timing of the completion of the merger, and other similar matters. These forward-looking statements are not statements of historical facts and represent only Applied Digital's and/or Digital Angel's beliefs regarding future performance, which is inherently uncertain. There are a variety of factors, many of which are beyond Applied Digital's and Digital Angel's control, which affect operations, performance, business strategy and results and could cause actual results and experience to differ materially from the expectations and objectives expressed in any forward-looking statement. These factors include, but are not limited to, (1) the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement; (2) the inability to complete the merger due to the failure to obtain the requisite stockholder approval or the failure to satisfy other conditions to the merger; (3) those factors set forth in the joint proxy statement/prospectus and in Applied Digital's and Digital Angel's respective Form 10-K, Form 10-Q and other filings with the SEC; and (4) the risk that expected synergies and benefits of the merger will not be realized within the expected time frame or at all. Many of the factors that will determine the outcome of the subject matter of this communication are beyond Applied Digital's and Digital Angel's ability to control or predict. Applied Digital and Digital Angel undertake no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future results or otherwise.