Form **8937**
(December 2011)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-2224

Part I Reporting Issuer

1 Issuer's name Digirad Corporation			2 Issuer's employer identification number (EIN) 33-0145723
3 Name of contact for additional information Digirad Investor Relations	4 Telephone No. of contact 858-726-1600		5 Email address of contact IR@digirad.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1048 Industrial Court			7 City, town, or post office, state, and Zip code of contact Suwanee, GA, 30024
8 Date of action November 22, 2013	9 Classification and description Cash Distribution to Common Share holders		
10 CUSIP number 253827109	11 Serial number(s)	12 Ticker symbol DRAD	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On November 22, 2013, Digirad Corporation made a cash distribution of $0.05 per share to common stock shareholders of record on November 12, 2013.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Digirad Corporation has an estimated deficit in both current and accumulated earnings and profits. Since the cash distribution was in excess of the earnings and profits, 100% of the distribution is treated as a return of capital. The return of capital will first reduce shareholder basis to the extent thereof and any portion of the distribution in excess of the shareholder basis will be a capital gain to the shareholder. The company's estimate is based on reasonable assumptions as of the date of filing this form. Persuant to treasury regulations under section 6045B, should the company change its determination regarding the tax treatment of the distribution a revised form 8937 will be filed within 45 days of such determination.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Distributions to shareholders to the extent of the corporation's earnings and profits are reported as taxable dividends in accordance with Section 316 of the Internal Revenue Code of 1986, as amended. As the corporation had no positive current or accumulated earnings and profits as computed in accordance with Section 312, no amount of the distribution was considered a taxable dividend under Section 301(c)(1). As this distribution to the shareholders exceeds corporate current and accumulated earnings and profits, shareholders must apply the rules of Section 301(c) to determine if the excess distributions are a non-taxable return of basis under section 301(c)(2) or if the distribution is reported as capital gain under Section 301(c)(3).

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Pursuant to IRC Sec. 301(c)(2), a distribution which is not a dividend shall be applied against and reduce the adjusted tax basis of the stock.

18 Can any resulting loss be recognized? ▶ This distribution would not create a loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The adjustment to basis would be taken into account in the tax year of the shareholder during which the distribution was received (e.g., 2013 for calendar year taxpayers).

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ Date ▶

Print your name ▶ A signed copy is maintained by the issuer Title ▶

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054