

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

OMB APPROVAL

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Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Reed Douglas MD</u>  (Last) (First) (Middle) <u>C/O VECTOR FUND MANAGEMENT</u> <u>1751 LAKE COOK ROAD, SUITE 350</u>  (Street) <u>DEERFIELD</u> <u>IL</u> <u>60015</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>DIGIRAD CORP [ DRAD ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>02/12/2008</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director 10% Owner  Officer (give title below) Other (specify below)  6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> Form filed by One Reporting Person  Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/12/2008		J <sup>(1)</sup>		890,771	D	\$0.00	319,412	I	By Vector Later-Stage Equity Fund II (QP), L.P. <sup>(2)</sup>
Common Stock	02/12/2008		J <sup>(1)</sup>		296,923	D	\$0.00	22,489	I	By Vector Later-Stage Equity Fund II, L.P. <sup>(2)</sup>
Common Stock	02/12/2008		J <sup>(1)</sup>		1,257	A	\$0.00	23,746	D	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					Code	V	Date Exercisable	Expiration Date					

Explanation of Responses:

1. Vector Fund Management, L.P. distributed the shares to its limited partners on a pro rata basis. Reporting Person is a limited partner of Vector Fund Management, L.P.

2. Reporting Person is a managing director of Vector Fund Management, L.P., which is the general partner of Vector Later-Stage Equity Fund II, L.P. and Vector Later-Stage Equity Fund II (QP), L.P. Reporting Person disclaims beneficial ownership of the shares held by Vector Later-Stage Equity Fund II, L.P. and Vector Later-Stage Equity Fund II (QP), L.P., except to the extent of his pecuniary interests in each of the named funds. Reporting Person may be deemed to share voting and investment power with respect to the shares held by Vector Later-Stage Equity Fund II, L.P. and Vector Later-Stage Equity Fund II (QP), L.P. with the other managing director of Vector Fund Management, L.P.

Douglas Reed, MD  
\*\* Signature of Reporting Person

02/14/2008  
Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.