
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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)

February 29, 2012

DIGIRAD CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

000-50789

(Commission File Number)

33-0145723

(IRS Employer
Identification No.)

**13950 Stowe Drive
Poway, California 92064**

(Address of principal executive offices, including zip code)

(858) 726-1600

(Registrant's telephone number, including area code)

N/A

(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))
-

Item 8.01. Other Events.

On February 29, 2012, the Board of Directors, or the Board, of Digirad Corporation, or the Company, as part of a plan of reorganization of the Board, adopted certain changes to its policies with respect to the composition of the Board and its committees and director stock ownership guidelines.

To this effect, the Board adopted a Corporate Governance Policy, in the form attached hereto as Exhibit 99.2, and an amended and restated Corporate Governance Committee Charter, in the form attached hereto as Exhibit 99.3, each of which is effective immediately.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit	Description
<u>99.1</u>	Press Release.
<u>99.2</u>	Corporate Governance Policy.
<u>99.3</u>	Amended and Restated Corporate Governance Committee Charter.

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.

DIGIRAD CORPORATION

By: /s/ Todd P. Clyde

Todd P. Clyde

President and Chief Executive Officer

Date: March 1, 2012

EXHIBIT INDEX

Exhibit	Description
99.1	Press Release.
99.2	Corporate Governance Policy.
99.3	Amended and Restated Corporate Governance Committee Charter.



DIGIRAD CORPORATION BOARD OF DIRECTORS ADOPTS STRENGTHENED CHARTER AND POLICIES

POWAY, Calif. - March 1, 2012 - Digirad Corporation (NASDAQ: DRAD) today announced it has adopted a series of new corporate governance policies aimed at strengthening the Company's high standard of corporate governance practice. To that end, the Board of Directors has unanimously adopted a series of changes or recommendations to its current policies and charter in order to minimize board-associated expenses, increase the turnover rates of its committee chairs and members, stimulate personal investment in the Company by Board members and better serve the interests of all shareholders.

Specifically, those resolutions and policy changes include:

- **Director Term Limits** – The Board has adopted a term limit policy limiting non-management directors to terms of 10 years or less.
- **Committee Rotation Policies** – The Board has adopted a Board committee rotation policy pursuant to which the Corporate Governance Committee will consider the Board's preference for rotating committee chairs and committee members at no longer than five year intervals, including the Chairman of the Board.
- **Director Stock Ownership Policy** – The Board has adopted a director stock ownership policy that strongly encourages all non-management directors to acquire on the open market (within one year) an amount of Digirad Common Stock equal in value to the annual cash retainer payable to non-management directors, subject to customary restrictions and trading window limitations. Any non-executive board member that fails to do so will not be re-nominated for election, subject to limited exceptions.
- **Board Compensation** – The Board has placed a moratorium on the granting of restricted stock units (RSUs) to its members as compensation for serving on the Board. In addition, all Board members have agreed to postpone the award of any further equity compensation until the Compensation Committee, with the assistance of external advisors, completes a thorough review and analysis of director compensation.
- **Strategic Advisory Committee** – At the 2012 Annual Meeting, the Board intends to form a new Strategic Advisory Committee with a mandate to review and provide suggestions to the Board related to corporate strategy, capital allocation and related matters.

Digirad Chairman R. King Nelson said, "As a Board, we take the responsibility of protecting shareholder rights and maximizing the value of their investment seriously. We believe that the changes and policy recommendations that we have put forward enhance our accountability to our shareholders and set a higher standard than is customary. The Board and the executive management team will collectively continue to make changes as necessary in order to better serve the interests of all the shareholders and to uphold the best of practices in corporate governance."

Additional Information and Where to Find It

Digirad Corporation (the “Company”), its directors and certain executive officers are participants in the solicitation of proxies from stockholders in connection with the Company’s 2012 Annual Meeting of Stockholders (the “Annual Meeting”). The Company plans to file a proxy statement (the “2012 Proxy Statement”) with the Securities and Exchange Commission (the “SEC”) in connection with the solicitation of proxies for the Annual Meeting. Gerhard F. Burbach, Todd P. Clyde, Steven C. Mendell, R. King Nelson, Kenneth E. Olson and John W. Sayward, all of whom are members of the Company’s Board of Directors, and Richard B. Slansky, the Company’s Chief Financial Officer, are participants in the Company’s solicitation. Other than Messrs. Burbach, Clyde and Olson and any others, none of such participants owns in excess of 1% of the Company’s common stock. Mr. Clyde may be deemed to own approximately 2.6% of the Company’s common stock, Mr. Burbach may be deemed to own approximately 1.6% of the Company’s common stock and Mr. Olson may be deemed to own approximately 1.0% of the Company’s common stock. Additional information regarding the interests of such participants will be included in the 2012 Proxy Statement and other relevant documents to be filed with the SEC in connection with the Annual Meeting.

Promptly after filing its definitive 2012 Proxy Statement with the SEC, the Company will mail the definitive 2012 Proxy Statement and a proxy card to each stockholder entitled to vote at the Annual Meeting. STOCKHOLDERS ARE URGED TO READ THE 2012 PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT THE COMPANY WILL FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Stockholders may obtain, free of charge, copies of the definitive 2012 Proxy Statement and any other documents filed by the Company with the SEC in connection with the Annual Meeting at the SEC’s website (<http://www.sec.gov>), at the Company’s website (<http://www.digirad.com>) or by writing to Investor Relations, Digirad Corporation, 13950 Stowe Drive, Poway, CA 92064.

About Digirad

Digirad is a leading provider of diagnostic imaging products, and personnel and equipment leasing services. For more information, please visit www.digirad.com. Digirad® is a registered trademark of Digirad Corporation.

Forward-Looking Statements

This press release contains statements that are forward-looking statements as defined within the Private Securities Litigation Reform Act of 1995. These include statements regarding our ability to deliver value to customers, our expanded commitment to protect shareholder rights and our desire to maximize shareholder value. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made, including the risks associated with changes in business conditions, technology, customers’ business conditions, reimbursement, radiopharmaceutical shortages, economic outlook, operational policy or structure, acceptance and use of Digirad’s camera systems and services, reliability, recalls, and other risks detailed in Digirad’s filings with the U.S. Securities and Exchange Commission, including Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports. Readers are cautioned to not place undue reliance on these forward-looking statements, which speak only as of the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, and Digirad undertakes no obligation to revise or update the forward-looking statements contained herein.

Investor Contact:

Matt Clawson
Allen & Caron
949-474-4300

Company Contact:

Todd Clyde
Chief Executive Officer
858-726-1600

DIGIRAD CORPORATION
CORPORATE GOVERNANCE POLICY
As Adopted Effective February 29, 2012

These principles have been adopted by the Board of Directors (the “**Board**”) of Digirad Corporation (the “**Company**”) for the purpose of establishing the corporate governance policies pursuant to which the Board intends to conduct its oversight of the business of the Company in accordance with its fiduciary responsibilities.

1. Role of the Board

The primary role of the Board is to oversee management by monitoring the performance of the chief executive officer (the “**CEO**”) and other senior management with the objective of building long-term sustainable growth in shareholder value. The Directors provide oversight in the formulation of the long term strategic, financial and organizational goals of the Company and of the plans designed to achieve those goals. In addition, the Board oversees and reviews the standards and policies designed and implemented by senior management to ensure that the employees and other constituents of the Company are committed to achieving corporate objectives through the highest standards of responsible conduct and ethical behavior, transparency and compliance with legal requirements.

The day-to-day business of the Company is carried out by its employees, managers and officers, under the direction of the CEO and the oversight of the Board, to enhance the long term value of the company for the benefit of shareholders. The Board and management also recognize that creating long term enterprise value is advanced by considering the interests and concerns of other stakeholders, including the Company’s employees, customers, creditors and suppliers as well as the community generally.

The Board understands that effective Directors act on an informed basis after thorough inquiry and careful review, appropriate in scope to the magnitude of the matter being considered. The Directors know their position requires them to ask probing questions of management and outside advisors. The Directors also rely on the advice, reports and opinions of management, counsel and expert advisers. In doing so, the Board evaluates the qualifications of those it relies upon for information and advice and also looks to the processes used by managers and advisors in reaching their recommendations. In addition, the Board has the authority to hire outside advisors at the Company’s expense if they feel it is appropriate.

2. Selection of Chairman of the Board and CEO

The Board shall fill the Chairman of the Board (the “**Chairman**”) and CEO positions based upon the Board’s view of what is in the best interests of the Company at any point in time. Currently, the Board separates the Chairman and CEO positions, and the Chairman is an independent Director.

3. Responsibilities of the Chairman

The principal responsibilities of the Chairman are to consult with the CEO regarding the agenda for meetings of the Board, schedule and prepare agendas for meetings of independent Directors, communicate with the CEO, act as principal liaison between the independent Directors and the CEO on sensitive issues and raise issues with management on behalf of the independent Directors when appropriate. All members of the Board are encouraged to communicate with the CEO.

4. Committees

The Board has three standing committees: the Audit Committee, the Compensation Committee, and the Corporate Governance Committee. The roles of the committees are described in their respective charters. The Board delegates substantial responsibilities to each committee, and each committee should consist solely of independent Directors, as defined by The Nasdaq Stock Market, Inc. Marketplace Rules (“**Nasdaq Rules**”). The members of these committees shall also meet the other membership criteria specified in the respective charters for these committees. New committees may be formed as determined by the Board.

5. Assignment and Rotation of Committee Members and Chairman

Committee members should be appointed (or re-appointed), and chairs of each committee designated, by the full Board, annually upon recommendation by the Corporate Governance Committee. Composition of the committees of the Board should be reviewed each year to make certain that these committees are operating effectively and have appropriate representation. It is the Board’s belief that continuity of experience in the specific functions of these committees provides a significant benefit to the stockholders and to management. Each committee member should be considered for rotation when he or she attains five consecutive years on a particular committee and each committee chair should be considered for rotation every five years, initially from the date of the 2012 Annual Meeting of Stockholders (the “**2012 Annual Meeting**”). In making its recommendation for rotation of committee membership and chair position, the Corporate Governance Committee shall be permitted to take into consideration exceptional circumstances, such as the impact of the Company’s compliance with Nasdaq Rules and applicable securities regulations, which would render the rotation of certain committee members not in the best interests of the Company’s stockholders.

The Chairman should be appointed (or re-appointed) annually upon recommendation by the Corporate Governance Committee. The Chairman should be considered for rotation every five years, initially from the date of the 2012 Annual Meeting. In making the decision for rotation of the Chairman, the Board will take into consideration exceptional circumstances that would render the rotation of the Chairman not in the best interests of the Company’s stockholders.

6. Term Limits

The Board believes that Directors should not have “unlimited tenure.” Except for filling vacancies and adding new Directors, all Directors shall be subject to appointment annually at the annual meeting of stockholders. All non-management Directors shall serve as a Director for no more than a total of ten years, except that when two or more such Directors are due to retire within a 12-month period, the Board may request the Director with the least number of years of service on the Board to serve up to an additional 12 months.

7. Director Stock Ownership Guidelines

The Board has adopted stock ownership guidelines for its non-employee Directors in the amount equal to the annual cash Board retainer generally payable to non-management Directors, with a period of one year for each such Director to attain these guidelines. As set forth in the charter of the Corporate Governance Committee, subject to limited exceptions, e.g. a Director is prevented from making open market purchases during the year because the Company’s trading window is closed, a Director who fails to meet the ownership guidelines will not be re-nominated. The ownership guidelines will become effective as of the date of the 2012 Annual Meeting.

DIGIRAD CORPORATION**The Corporate Governance Committee Charter****As Amended on February 29, 2012****Status**

The Corporate Governance Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of Digirad Corporation (the “**Company**”).

Membership

The Committee shall consist of no fewer than two members. All members shall be independent in accordance with independence requirements of the Nasdaq Stock Market and the standards established by the Board from time to time.

Committee members shall be elected by the Board at the annual meeting of the Board (typically on or immediately prior to the Company’s annual meeting of stockholders) and shall serve until their successors are elected and qualified. Committee members may be removed at any time by vote of the Board.

All non-management members of Board must, within one year from the date of the 2012 Annual Meeting of Stockholders (the “**2012 Annual Meeting**”), own an amount the Company’s common stock equal to the annual cash retainer generally payable to such non-management directors. A member who fails to meet the aforementioned ownership guidelines shall not be re-nominated at the following annual meeting of stockholders. Notwithstanding the foregoing requirement, if a member is prevented from making open market purchases of the Company’s common stock during the year in an amount necessary to meet the aforementioned requirement, due to the fact that the Company’s trading window is closed or for other reasons not under the control of a member, then a member shall not be precluded from being re-nominated at any given annual meeting of stockholders.

Structure and Meetings

The Committee shall meet at least twice each year. The Committee may establish its own schedule for meetings, which it will provide the Board in advance. The formal requirements for committee meetings are set forth in our Bylaws.

Responsibilities

The Committee is responsible for considering and making recommendations to the Board concerning the appropriate composition, size, functions and needs of the Board and its committees. The Committee may, at its sole discretion, engage director search firms and has the sole authority to approve the fees and other retention terms with respect to any such firms. The Committee also has the authority, as necessary and appropriate, to consult with outside advisors to assist in their duties to the Company. This responsibility includes:

- developing and recommending to the Board and periodically reviewing the criteria for Board membership; criteria should include, among other things, integrity, independence, diversity of experience, familiarity with the Company's industry, other professional commitments and the ability to exercise sound judgment;
- considering, recommending and recruiting candidates to fill new positions on the Board;
- reviewing candidates recommended by stockholders;
- conducting appropriate inquiries into the backgrounds and qualifications of candidates;
- recommending the Director nominees for approval by the Board and the stockholders;
- considering matters of corporate governance and developing and recommending to the Board and implementing a set of corporate governance principles applicable to the Company;
- monitoring the stock ownership program; and
- overseeing the evaluation of the Board and its committees.

The Committee's additional functions are:

- to advise the Board on candidates for the position of Chairman of the Board and to conduct investigations of those candidates as the Committee and the Board may deem appropriate;
- to consider questions of possible conflicts of interest of Board members and of our senior executives;
- to monitor and recommend the functions of the various committees of the Board;
- to recommend members of the committees;
- to make recommendations on the structure of Board meetings;
- to recommend matters for consideration by the Board; and
- to prepare an annual performance evaluation of the Committee.

Assignment and Rotation of Committee Members and Chairman

In exercising its responsibility to make recommendations to the Board concerning the appropriate composition of the Board and its committees, the Committee will be governed by the Company's Board rotation policy. Accordingly, each member of each of the Board's committees should be considered for rotation when he or she attains five consecutive years on a particular committee and each committee chair should be considered for rotation every five years, initially from the 2012 Annual Meeting. In making its recommendation, the Committee shall be permitted to take into consideration exceptional circumstances, such as the impact of the Company's compliance with Nasdaq Stock Market, Inc. Marketplace Rules and applicable securities regulations, which would render the rotation of certain committee members not in the best interests of the Company's stockholders.

The Company's director rotation policy also requires that the Chairman should be appointed (or re-appointed) annually upon recommendation by the Committee. The Chairman should be considered for rotation every five years, initially from the date of the 2012 Annual Meeting. In making its recommendation for rotation of the Chairman, the Committee will take into consideration exceptional circumstances that would render the rotation of the Chairman not in the best interests of the Company's stockholders.

In addition to all these responsibilities, the Board from time to time may prescribe other duties and responsibilities for the Committee. All powers of the Committee are subject to the restrictions designated in the Company's Bylaws and by applicable law.