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		2 Issuer's employer identification number (EIN)
Digirad Corporation		33-0145723
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
Investor Relations	858-726-1600	ir@digirad.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact
1048 Industrial Court		Suwanee, GA 30024
8 Date of action	9 Classification and description	
2/24/2014, 5/27/2014, 8/25/2014, 11/24/2014	Common Stock	

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
253827109	N/A	DRAD	N/A

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 FEBRUARY 24, 2014, MAY 27, 2014, AUGUST, 25, 2014 AND NOVEMBER 24, 2014, THE ISSUER MADE CASH DISTRIBUTIONS TO ITS COMMON SHAREHOLDERS OF $0.05 PER SHARE. THE CASH DISTRIBUTIONS TO THE COMMON SHAREHOLDERS ARE EXPECTED TO BE IN EXCESS OF THE CURRENT AND ACCUMULATED EARNINGS AND PROFITS OF THE ISSUER.

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 ▶ THE ISSUER IS CURRENTLY EXPECTING TO HAVE POSITIVE CURRENT EARNINGS AND PROFITS, WHILE THEY A HAVE A DEFICIT IN ACCUMULATED EARNINGS AND PROFITS. THE CASH DISTRIBUTIONS ARE EXPECTED TO BE IN EXCESS OF THE CURRENT EARNINGS AND PROFITS, BASED ON REASONABLE ASSUMPTIONS CURRENTLY AVAILABLE. OF THE TOTAL CASH DISTRIBUTIONS, 53 PERCENT IS EXPECTED TO BE TREATED AS A DIVIDEND AND THE REMAINING 47 PERCENT IS EXPECTED TO BE A RETURN OF CAPITAL. THE RETURN OF CAPITAL WILL REDUCE SHAREHOLDER BASIS TO THE EXTENT THEREOF. ANY DISTRIBUTION AMOUNT IN EXCESS OF SHAREHOLDER BASIS WILL BE CAPITAL GAIN TO THE SHAREHOLDER.

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 ▶ SEE #15 ABOVE.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

DISTRIBUTIONS TO SHAREHOLDERS TO THE EXTENT OF THE CORPORATION'S EARNINGS AND PROFITS ARE REPORTED AS TAXABLE DIVIDENDS IN ACCORDANCE WITH SECTION 316. IN THE EVENT A DISTRIBUTION TO SHAREHOLDERS EXCEEDS CORPORATE CURRENT AND ACCUMULATED EARNINGS AND PROFITS UNDER SECTION 312, SHAREHOLDERS MUST APPLY THE RULES OF SECTION 301(c) TO DETERMINE IF THE DISTRIBUTIONS ARE A NON-TAXABLE RETURN OF BASIS UNDER SECTION 301(c)(2) OR IF THE DISTRIBUTION IS REPORTED AS A CAPITAL GAIN UNDER SECTION 301(c)(3).
THE ISSUER IS CURRENTLY EXPECTING TO HAVE POSITIVE CURRENT EARNINGS AND PROFITS AND HAS A DEFICIT IN ACCUMULATED EARNINGS AND PROFITS, WHERE EARNINGS AND PROFITS WAS COMPUTED IN ACCORDANCE WITH SECTION 312.

18 Can any resulting loss be recognized? ▶ N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE REPORTABLE TAX YEAR IS 2014.

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 ▶ _____ Title ▶ _____

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
TERASA SCHERRY	Terasa Scherry	1/14/2015		P01395123
Firm's name ▶ ERNST & YOUNG LLP			Firm's EIN ▶	34-6565596
Firm's address ▶ 725 SOUTH FIGUEROA STREET, LOS ANGELES, CA 90017			Phone no.	213-977-3200

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