

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).

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

OMB APPROVAL	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <u>WOLLAEGER TIMOTHY J</u> (Last) (First) (Middle) <u>C/O KINGSBURY ASSOCIATES</u> <u>4401 EASTGATE MALL</u> (Street) <u>SAN DIEGO</u> <u>CA</u> <u>92121</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>DIGIRAD CORP</u> [<u>DRAD</u>] 3. Date of Earliest Transaction (Month/Day/Year) <u>12/26/2006</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	12/26/2006		J ⁽¹⁾		339,766	D	⁽²⁾	0	I	By Kingsbury Capital Partners, L.P. IV ⁽³⁾
Common Stock	12/26/2006		J ⁽¹⁾		19,887	A	⁽²⁾	132,792 ⁽⁴⁾	I	By Timothy J. Wollaeger and Cynthia K. Wollaeger, trustees, U/A DTD 4/25/1985
Common Stock								104,428	I	By Sanderling V Biomedical L.P. ⁽⁵⁾
Common Stock								42,250	I	By Sanderling V Limited Partnership ⁽⁵⁾
Common Stock								426,330	I	By Sanderling Venture Partners V, L.P. ⁽⁵⁾
Common Stock								37,594	I	By Sanderling V Beteiligungs GmbH & Co. KG ⁽⁵⁾

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	(A)	(D)	Date Exercisable	Expiration Date					
										Amount or Number of Shares				

Explanation of Responses:

1. On 12/26/06, Kingsbury Capital Partners, L.P. IV commenced a liquidating distribution to its partners of an aggregate of 339,766 shares of common stock of the issuer, 17,725 shares of which were received by the reporting person and 3,398 shares of which were received by the general partner of Kingsbury Capital Partners, L.P. IV, Kingsbury Associates, L.P. In turn, Kingsbury Associates, L.P. distributed the 3,398 shares of common stock of the issuer to its partners, 2,162 of which were received by the reporting person. Accordingly, the reporting person received an aggregate of 19,887 shares pursuant to the distribution.
2. Not applicable.
3. The reporting person is the general partner of Kingsbury Associates, L.P., which is a general partner of Kingsbury Capital Partners, L.P. IV. The reporting person disclaims beneficial ownership of the shares held by Kingsbury Capital Partners, L.P. IV, except to the extent of his pecuniary interests in the named fund. As general partner, the reporting person has voting and investment power with respect to the shares held by Kingsbury Capital Partners, L.P. IV.
4. Includes 112,905 shares previously transferred by the reporting person to By Timothy J. Wollaeger and Cynthia K. Wollaeger, trustees, U/A DTD 4/25/1985.
5. The reporting person is the managing director of Middleton, McNeil & Mills Associates V, LLC, the general partner of Sanderling Venture Partners V, L.P., Sanderling V Biomedical, L.P., Sanderling V Limited Partnership and Sanderling V Beteiligungs GmbH & Co. KG. The reporting person disclaims beneficial ownership of the shares held by Sanderling Venture Partners V, L.P., Sanderling V Biomedical, L.P., Sanderling V Limited Partnership and Sanderling V Beteiligungs GmbH & Co. KG, except to the extent of his pecuniary interests in the named fund. The reporting person shares voting and investment power with respect to the shares held by Sanderling Venture Partners V, L.P., Sanderling V Biomedical, L.P., Sanderling V Limited Partnership and Sanderling V Beteiligungs GmbH & Co. KG with the other managing directors of Middleton, McNeil & Mills Associates V, LLC.

[/s/ Timothy J. Wollaeger](#)[12/28/2006](#)

** Signature of Reporting PersonDate

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.