

## 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
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>Reed Douglas MD</u>	2. Issuer Name <b>and</b> Ticker or Trading Symbol <u>DIGIRAD CORP</u> [ <u>DRAD</u> ]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director 10% Owner  <input type="checkbox"/> Officer (give title below) Other (specify below)
(Last) (First) (Middle) <u>C/O VECTOR FUND MANAGEMENT</u> <u>1751 LAKE COOK ROAD, SUITE 350</u>	3. Date of Earliest Transaction (Month/Day/Year) <u>02/24/2006</u>	
(Street) <u>DEERFIELD IL 60015</u>	4. If Amendment, Date of Original Filed (Month/Day/Year) <u>02/28/2006</u>	
(City) (State) (Zip)		

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	02/24/2006		S <sup>(1)</sup>		10,000	D	\$3.9502	2,125,841 <sup>(2)</sup>	I	By Vector Later-Stage Equity Fund, L.P. and affiliated funds, and Palivaccini Partners, LLC <sup>(3)(4)</sup>
Common Stock	02/27/2006		S <sup>(1)</sup>		13,200	D	\$3.97	2,112,641 <sup>(2)</sup>	I	By Vector Later-Stage Equity Fund, L.P. and affiliated funds, and Palivaccini Partners, LLC <sup>(3)(4)</sup>
Common Stock	02/28/2006		S <sup>(1)</sup>		4,800	D	\$4	2,107,841 <sup>(2)</sup>	I	By Vector Later-Stage Equity Fund, L.P. and affiliated funds, and Palivaccini Partners, LLC <sup>(3)(4)</sup>

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

[illegible]

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)													
1. Title of Derivative (Instr. 3)	2. Conversion Date (Instr. 3)	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Code (Instr. 8)	5. V Transaction Code (Instr. 8)	6. Num(Dir of Derivative Securities Acquired or Disposed of (Instr. 3 and 4)	7. Date Exercisable and Expiration Date (Month/Day/Year)	8. Title of Securities Underlying Derivative Security (Instr. 3 and 4)	9. Price of Derivative Security (Instr. 5)	10. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	11. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	12. Nature of Indirect Beneficial Ownership (Instr. 4)	
<p>1. Form 4 is amended to change the transaction code previously provided from D to S.</p> <p>2. Form 4 is amended to change the number of shares beneficially owned to reflect 1,227(A) shares previously distributed.</p> <p>3. Reporting Person is a managing director of Vector Fund Management, L.P., which is the general partner of Vector Later-Stage Equity Fund, L.P., and Vector Fund Management II, LLC, which is the general partner of each of Vector Later-Stage Equity Fund II, L.P. and Vector Later-Stage Equity Fund II (Q.P.), L.P. and is a managing member of Palivacinni Partners, LLC. Reporting Person disclaims beneficial ownership of the shares held by Vector Later-Stage Equity Fund, L.P., Vector Later-Stage Equity Fund II, L.P. and Vector Later-Stage Equity Fund II (Q.P.), L.P., except to the extent of his pecuniary interests in the named fund. Reporting Person may be deemed to share voting and investment power with respect to the shares held by Vector Later-Stage Equity Fund, L.P., Vector Later-Stage Equity Fund II, L.P. and Vector Later-Stage Equity Fund II (Q.P.), L.P. with the other managing director of Vector Fund Management, L.P. and Vector Fund Management II, LLC.</p> <p>4. Reporting Person disclaims beneficial ownership of the shares held by Palivacinni Partners, LLC, except to the extent of his pecuniary interests in the entity. Reporting Person may be deemed to have voting and investment power with respect to the shares held by Palivacinni Partners, LLC with the other managing members.</p>													
						Douglas Reed				03/03/2006			
						** Signature of Reporting Person		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.