

Reed Douglas MD  
 Form 4  
 February 28, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Reed Douglas MD

(Last) (First) (Middle)

C/O VECTOR FUND  
 MANAGEMENT, 1751 LAKE  
 COOK ROAD, SUITE 350

(Street)

DEERFIELD, IL 60015

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 DIGIRAD CORP [DRAD]

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 02/24/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**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)	
				(A) or (D)	Price			
Common Stock	02/24/2006		D	10,000	D \$ 3.9502	2,137,068	I	By Vector Later-Stage Equity Fund, L.P. and affiliated funds, and Palivaccini Partners, LLC <u>(1)</u> <u>(2)</u>
	02/27/2006		D	13,200	D \$ 3.97	2,123,868	I	

Common  
Stock

By Vector  
Later-Stage  
Equity  
Fund, L.P.  
and  
affiliated  
funds, and  
Palivaccini  
Partners,  
LLC (1) (2)

Common  
Stock

02/28/2006

D

4,800

D

\$ 4

2,119,068

I

By Vector  
Later-Stage  
Equity  
Fund, L.P.  
and  
affiliated  
funds, and  
Palivaccini  
Partners,  
LLC (1) (2)

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

**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 control number.**

SEC 1474  
(9-02)

**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 Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V (A) (D)		

## Reporting Owners

Reporting Owner Name / Address

Relationships

Edgar Filing: Reed Douglas MD - Form 4

Director 10% Owner Officer Other

Reed Douglas MD  
C/O VECTOR FUND MANAGEMENT X  
1751 LAKE COOK ROAD, SUITE 350  
DEERFIELD, IL 60015

Signatures

Douglas Reed 02/28/2006

Signature of Reporting Person Date

Explanation of Responses:

- \* 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).
- (1) 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.
- (2) 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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.