

Lott Virgil  
Form 4  
October 12, 2011

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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 \*  
Lott Virgil

(Last) (First) (Middle)  
13950 STOWE DRIVE  
(Street)

POWAY, CA 92064

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)  
10/11/2011

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)  
SVP, Operations

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)
			Code	V Amount (A) or (D) Price			
Common Stock <sup>(1)</sup>	10/11/2011		M	2,695 A \$ 0	25,138	D	
Common Stock	10/11/2011		F	2,695 D \$ 2.1137	22,443	D	

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

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**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. Amount or Number of Shares
Restricted Stock Units	<u>(1)</u>	10/11/2011		M	1,198	<u>(2)</u> 02/16/2013	Common Stock	1,198
Restricted Stock Units	<u>(1)</u>	10/11/2011		M	1,497	<u>(3)</u> <u>(3)</u>	Common Stock	1,497

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Lott Virgil 13950 STOWE DRIVE POWAY, CA 92064			SVP, Operations	

## Signatures

/s/ Virgil Lott                      10/12/2011  
 \*\*Signature of                      Date  
 Reporting Person

## 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) Each restricted stock unit represents a contingent right to receive one share of Digirad common stock.  
 One twelfth (1/12th) of the 40,000 restricted stock units (RSUs) subject to the award vest and become payable on the first day of each calendar quarter following the date of grant, as long as the reporting person remains a service provider on such dates. Vested shares will be delivered as soon as practicable after the RSU vests, and in no event later than the tenth (10th) business day following the applicable vesting date.
- (2) One twelfth (1/12th) of the 50,000 restricted stock units (RSUs) subject to the award shall vest and become payable on the first day of each calendar quarter following the date of grant, as long as the reporting person remains a service provider through each such date. Once vested, the RSUs shall nevertheless not be issued until the first to occur of: (1) the end of each quarter when one twelfth (1/12th) of the RSU award vests; or (2) termination of service as a service provider.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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