

WOLLAEGER TIMOTHY J
Form 4
December 28, 2006

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

OMB APPROVAL

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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 *
WOLLAEGER TIMOTHY J

(Last) (First) (Middle)

C/O KINGSBURY ASSOCIATES, 4401 EASTGATE MALL

(Street)

SAN DIEGO, CA 92121

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
12/26/2006

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	12/26/2006		J ⁽¹⁾	339,766	D	<u>(2)</u>	0	I	By Kingsbury Capital Partners, L.P. IV ⁽³⁾
Common Stock	12/26/2006		J ⁽¹⁾	19,887	A	<u>(2)</u>	132,792 ⁽⁴⁾	I	By Timothy J. Wollaeger and Cynthia K. Wollaeger, trustees, U/A

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					DTD	
Common Stock				104,428	I	4/25/1985
						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⁾

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

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(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. Number of Derivative Securities Owned Following Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WOLLAEGER TIMOTHY J C/O KINGSBURY ASSOCIATES 4401 EASTGATE MALL SAN DIEGO, CA 92121	X			

Signatures

/s/ Timothy J. Wollaeger	12/28/2006
**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).

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

(1) 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.

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.

(3)

(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.

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.

(5)

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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