

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

| | | | | |
|---|---|---|--|--|
| 1. Name and Address of Reporting Person* MERRILL LYNCH & CO INC (Last) (First) (Middle) 4 WORLD FINANCIAL CENTER (Street) NEW YORK, NY 11001 (City) (State) (Zip) | 2. Date of Event Requiring Statement (Month/Day/Year) 06/09/2004 | 3. Issuer Name and Ticker or Trading Symbol DIGIRAD CORP [DRAD] | | |
| | | 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) | 5. If Amendment, Date Original Filed(Month/Day/Year) | |
| | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | |

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|
| Common Stock | 1,194 | I | See note (1) |

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

SEC 1473 (7-02)

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.

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|--|--|-----------------|---|----------------------------|--|---|---|
| | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | |
| Series G Preferred (2) | (4) | (2) | Common Stock | 971,038 | \$ (3) | I | See note (1) |
| Series H Preferred (2) | (4) | (2) | Common Stock | 698,057 | \$ (3) | I | See note (1) |
| Common Stock Warrant | 01/25/2002 | 01/25/2007 | Common Stock | 12 | \$ 1,050 | I | See note (1) |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| MERRILL LYNCH & CO INC 4 WORLD FINANCIAL CENTER NEW YORK, NY 11001 | | X | | |

Signatures

| | |
|--|------------------------|
| Frank J. Marinaro, Attorney-in-Fact **Signature of Reporting Person | 06/09/2004 Date |
|--|------------------------|

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 5(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).

The Reporting person disclaims beneficial ownership of these securities, and this report shall not be deemed an admission that the Reporting Person was the beneficial owner (1) of such securities for purposes of Section 16 or for any other purpose. All such shares were held of record by a partnership for which the Reporting Person acts as general partner.

All of the Preferred Stock of the Issuer held, directly or indirectly, by the Reporting Person as of the date hereof, automatically convert into common stock of the Issuer (2) upon the closing of the Issuer's initial public offering, in each case into the number of shares of common stock listed in column 3, which is obtained by multiplying by the number of Preferred Stock by the conversion rate listed in column 4. Such automatic conversion upon the Issuer's initial public offering is for no additional consideration.

(3) 1-for 3.5

(4) Immediate.

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.

POWER OF ATTORNEY

To Prepare and Execute Documents Pursuant to Sections 13 and 16
of the Securities Exchange Act of 1934, as Amended,
and Rules Thereunder, by and on Behalf of

MERRILL LYNCH & CO., INC.

Know all by these presents, that the undersigned hereby constitutes and appoints Frank J. Marinaro and Katherine Hudson Zrike each individually its true and lawfully attorney-in-fact to:

(1) prepare and executed for and on behalf of the undersigned, any and all forms, schedules, reports and other documents relating to Merrill Lynch & Co., Inc.'s direct or indirect ownership of securities that are required to be filed with the United States Securities and Exchange Commission pursuant to Section 13 and 16 of the Securities Exchange Act of 1934, as amended, and the rules thereunder (collectively, the "Exchange Act");

(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to comply with the requirements of Sections 13 and 16 of the Exchange Act including, but not limited to, executing documents required by said sections of the Exchange Act and effecting the timely filing thereof with the United States Securities and Exchange Commission and any other authority; and

(3) take any other action of any type whatsoever in connection With the foregoing which in the opinion of each such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by. the undersigned, it being understood that the documents executed by each such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as each such attorney-in-fact may approve in his or her discretion.

The undersigned hereby grants to each such attorney-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary and proper to be done in the exercise of any of the rights and powers herein granted, as fully to all Intents and purposes as each such attorney-in-fact might or could do if personally present, hereby ratifying and confirming all that each such attorney-in-fact shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorney-in-fact, In serving in such capacity at the request of the undersigned, is not assuming any of the undersigned's responsibilities to comply with Sections 13 or 16 of the tchange Act.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 6th day of February 2001.

MERRILL LYNCH & CO., INC.

By: /s/ Barry S. Friedberg

Barry S. Friedberg
Executive Vice President

POWER OF ATTORNEY

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and Rules Thereunder, by and on Behalf of

MERRILL LYNCH GROUP, INC.

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(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to comply with the requirements of Sections 13 and 16 of the Exchange Act including, but not limited to, executing documents required by said sections of the Exchange Act and effecting the timely filing thereof with the United States Securities and Exchange Commission and any other authority; and

(3) take any other action of any type whatsoever in connection With the

foregoing which in the opinion of each such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by. the undersigned, it being understood that the documents executed by each such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as each such attorney-in-fact may approve in his or her discretion.

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IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 7th day of February 2001.

MERRILL LYNCH GROUP, INC.

By: /s/ Stanley Schaefer

Stanley Schaefer
Vice President