DIGIRAD

Digirad Corporation Announces Initial Public Offering of Common Stock

SAN DIEGO, CA - June 10, 2004 Digirad Corporation (NASDAQ: DRAD), today announced the pricing of its initial public offering of 5,500,000 shares of its common stock at a price of $12.00 per share. Net proceeds from this offering were approximately $59,700,000. The company has granted to the underwriters a 30 day option to purchase an additional 825,000 shares of common stock at the initial public offering price to cover over allotments, if any. The shares will be listed on the NASDAQ Stock Market's National Market under the symbol "DRAD."

The joint managers for the offering are Merrill Lynch, Pierce, Fenner and Smith, Incorporated and J.P. Morgan Securities, Inc. Banc of America Securities, LLC and William Blair and Company L.L.C are acting as co-managers. The offering of the securities is made only by means of a prospectus, copies of which may be obtained from Merrill Lynch, at 4 World Financial Center, New York, NY 10080, (212) 449-1000, or J.P. Morgan Securities Inc., at One Chase Manhattan Plaza, Floor 5B, New York, NY 10081, (212) 552-5164.

A registration statement relating to these securities was declared effective by the Securities and Exchange Commission on June 9, 2004. This press release shall not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

Digirad Corporation is a leader in the development, manufacture and distribution of solid-state medical imaging products and services for the detection of cardiovascular disease and other medical conditions.