

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
- [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

DATARAM CORP.

(Name of Registrant as Specified In Its Charter)

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Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
- [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

DATARAM CORPORATION
A New Jersey Corporation

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
to be held on September 12, 2001

TO THE SHAREHOLDERS OF DATARAM CORPORATION:

The Annual Meeting of the Shareholders of DATARAM CORPORATION (the "Company") will be held at the Company's corporate headquarters at 186 Princeton Road (Route 571), West Windsor, New Jersey, on Wednesday, September 12, 2001 at 2:00 p.m., for the following purposes:

- (1) To elect five (5) directors of the Company to serve until the next succeeding Annual Meeting of Shareholders and until their successors have been elected and have been qualified.
- (2) To approve the 2001 Stock Option Plan.
- (3) To ratify the selection of KPMG LLP as the independent certified public accountants of the Company for the fiscal year ending April 30, 2002.
- (4) To transact such other business as may properly come before the meeting or any adjournments.

Only shareholders of record at the close of business on the 27th day of July 2001 are entitled to notice of and to vote at this meeting.

By order of the Board of Directors

Thomas J. Bitar,
Secretary

August 3, 2001

The Company's 2001 Annual Report is enclosed.

PLEASE COMPLETE, DATE, SIGN AND RETURN THE ACCOMPANYING PROXY
IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED.

[LOGO]

DATARAM CORPORATION

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
SEPTEMBER 12, 2001

This Proxy Statement is furnished by DATARAM CORPORATION (the "Company"), which has a mailing address for its principal executive offices at P.O. Box 7528, Princeton, New Jersey 08543-7528, in connection with the solicitation by the Board of Directors of proxies to be voted at the Annual Meeting of Shareholders of the Company to be held at the Company's corporate headquarters at 186 Princeton Road (Route 571), West Windsor, New Jersey on Wednesday, September 12, 2001 at 2:00 p.m. The close of business on July 27, 2001 has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting and any adjournments thereof. This Proxy Statement was mailed to shareholders on or about August 3, 2001.

VOTING RIGHTS

On July 27, 2001, there were outstanding and entitled to vote 8,538,119 shares of the Company's common stock, par value \$1.00 per share (the "Common Stock"). Holders of the Common Stock are entitled to one vote, exercisable in person or by proxy, for each share of Common Stock owned on the record date. Shareholders may revoke executed proxies at any time before they are voted by filing a written notice of revocation with the secretary of the Company. Where a choice has been specified in the proxy, the shares will be voted as directed.

With respect to each matter to be voted upon, a vote of a majority of the number of shares voting is required for approval. Abstentions and proxies submitted by brokers with a "not voted" direction will not be counted as votes cast with respect to each matter to be voted upon. With respect to the election of directors; they are elected by a plurality of the number of votes cast.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth information concerning each of the Company's executive officers:

Name	Age	Positions with the Company
Robert V. Tarantino	58	Chairman of the Board of Directors, President and Chief Executive Officer
Jeffrey H. Duncan	51	Vice President - Manufacturing and Engineering

Mark E. Maddocks 49 Vice President - Finance and
Chief Financial Officer

Hugh F. Tucker 48 Vice President - Sales

Mark R. Bresky 53 Vice President - Information
Technology

Robert V. Tarantino has been employed by the Company since 1970. He has served as President and Chief Executive Officer since 1986. In 1998, he was elected Chairman of the Board of Directors.

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Jeffrey H. Duncan has been employed by the Company since 1974. In 1990, he became Vice President - Engineering. Since 1995, he served as Vice President - Manufacturing and Engineering.

Mark E. Maddocks has been employed by the Company since 1978. In 1986 he became Controller. Since 1996 he has served as Vice President - Finance and Chief Financial Officer.

Hugh F. Tucker has been employed by the Company since 1983, initially as Western Regional Sales Manager. In 1995 he became Director of Sales and Marketing. Since 1996 he has served as Vice President - Sales.

Mark R. Bresky has been employed by the Company since 1992, initially as Manager of Information Technology. In 1995 he became Director of Information Technology. Since June of 2000 he has served as Vice President - Information Technology.

ELECTION OF DIRECTORS

Five (5) directors will be elected at the Annual Meeting of Shareholders by the vote of a plurality of the shares of Common Stock represented at such meeting. Unless otherwise indicated by the shareholder, the accompanying proxy will be voted for the election of the five (5) persons named under the heading "Nominees for Directors." Although the Company knows of no reason why any nominee could not serve as a director, if any nominee shall be unable to serve, the accompanying proxy will be voted for a substitute nominee.

NOMINEES FOR DIRECTORS

The term of office for each director will expire at the next Annual Meeting of Shareholders and when the director's successor shall have been elected and duly qualified. Each nominee is a member of the present Board of Directors and has been elected by shareholders at prior meetings.

Name of Nominee	Age
Robert V. Tarantino	58
Richard Holzman	67
Thomas A. Majewski	49
Bernard L. Riley	71
Roger C. Cady	63

Mr. Tarantino is an executive officer of the Company. Mr. Tarantino has been a Director since 1981 and Chairman of the Board of Directors since 1998.

Richard Holzman has been retired since August of 1995. From January of 1994 until August of 1995, he had been Vice-President of Optika Imaging Systems. Prior to that, and for more than five years, he had served as President of Teamworks Technologies, Inc., a software development company. Mr. Holzman has been a Director since 1978.

Thomas A. Majewski has been a principal in Walden, Inc., a computer consulting and technologies venture capital firm, since 1990. Prior to 1990, he had been Chief Financial Officer of Custom Living Homes & Communities, Inc., a developer of residential housing. Mr. Majewski has been a Director since 1990.

Bernard L. Riley retired as Executive Vice President and Chief Financial Officer of the Company in December of 1995. He had been employed by the Company since 1992. His business career included thirty years with

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International Paper with senior responsibilities in both finance and general management before taking early retirement in 1985. At that time, he was Vice President - Logistics. Thereafter, he served for four years as Vice President, Finance and as a director of Emcore Corporation, a semiconductor equipment manufacturer. During the two years immediately prior to joining Dataram, he was a management consultant. Mr. Riley has been a Director since 1995.

Roger C. Cady is a founder and principal of Arcadia Associates, a strategic consulting and mergers and acquisitions advisory firm. Prior to that he was employed as Vice President of Business Development for Dynatech Corporation, a diversified communications equipment manufacturer. Before joining Dynatech he was a strategic management consultant for eight years. His business career has included 16 years in various engineering, marketing and management responsibilities as a Vice President of Digital Equipment Corporation, and President of two early stage startup companies. Mr. Cady has been a Director since 1996.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number of shares of Common Stock beneficially owned by certain owners known by the Company to beneficially own in excess of 5% of the Common Stock, each director of the Company, each named executive officer and all directors and executive officers collectively, as of July 27, 2001. Unless otherwise indicated, stock ownership includes sole voting power and sole investment power. No other person or group is known to beneficially own in excess of five percent (5%) of the Common Stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class(1)
Robert V. Tarantino	1,018,568(2)	11.7%
Richard Holzman	32,880(3)	*
Thomas A. Majewski	83,000(4)	*
Bernard L. Riley	32,500(3)	*
Roger C. Cady	64,700	*
Jeffrey H. Duncan	318,624(5)	3.6%

Mark E. Maddocks	168,798(6)	2.0%
Hugh F. Tucker	198,655(7)	2.3%
Mark Bresky	15,712(8)	*
Directors and executive officers as a group (9 persons)	1,933,437(9)	20.9%

(1) On July 27, 2001, 8,538,119 shares were outstanding.

(2) Of this amount, 17,100 shares are held by Mr. Tarantino's wife and 180,000 shares may be acquired by the exercise of options held. Mr. Tarantino's address is 186 Princeton Road (Route 571), West Windsor, New Jersey 08550.

(3) Of this amount, 22,500 shares may be acquired by the exercise of options held.

(4) Of this amount, 67,500 shares may be acquired by the exercise of options held.

(5) Of this amount, 315,000 shares may be acquired by the exercise of options held.

(6) Of this amount, 6,000 shares are held by Mr. Maddocks' wife and 51,000 shares may be acquired by the exercise of options held.

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(7) Of this amount, 54,000 shares may be acquired by the exercise of options held.

(8) Of this amount, 15,000 shares may be acquired by the exercise of options held.

(9) Of this amount, 609,000 shares may be acquired by the exercise of options held by executive officers, and 112,500 shares may be acquired by exercise of options held by outside directors.

* Less than 1%.

<TABLE>

EXECUTIVE COMPENSATION

The following table sets forth the compensation paid for the fiscal years ended April 30, 1999, 2000 and 2001 to the Company's Chief Executive Officer and the next four most highly compensated executive officers.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation		Long Term Compensation		
		Salary	Other Compensation(1)	Stock Options Awarded	Other Compensation(1)	
<S>	<C>	<C>		<C>		
Robert V. Tarantino Chairman of the Board, President and Chief Executive Officer	2001	310,050	160,000	--	--	17,510
	2000	284,850	206,250	--	--	16,500
	1999	274,800	198,750	--	--	15,885
Jeffrey H. Duncan	2001	189,138	70,000	--	--	10,578

Vice President - Manu- facturing and Engineering	2000	180,410	85,280	--	--	10,234
	1999	173,800	82,000	--	--	9,810
Mark E. Maddocks	2001	191,426	70,000	--	--	10,598
Vice President - Finance, Chief Financial Officer	2000	176,250	83,200	--	--	9,984
	1999	169,800	80,000	--	--	5,539
Hugh F. Tucker	2001	206,610	70,000	--	--	11,600
Vice President - Sales	2000	197,050	93,600	--	--	11,232
	1999	189,800	90,000	--	--	7,677
Mark Bresky	2001	135,050	27,000	--	--	5,207
Vice President - Information Technology	2000	106,050	30,000	--	--	4,680
	1999	102,000	17,570	--	--	4,492

(1) Payments by the Company to a plan trustee under the Company's Savings and Investment Retirement Plan, a 401(k) plan. The Company does not have a pension plan.

</TABLE>

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No options were granted to executive officers in the fiscal year ended April 30, 2001. The following table provides information concerning option exercises by named executive officers during the fiscal year ended April 30, 2001 and the number and value of the named executive officers' unexercised options at fiscal year end:

<TABLE>

Option Exercises and Values at April 30, 2001

Name	Shares acquired on exercise	Value Received	Value of Unexercised	
			Number of Options at April 30, 2001	In-the-Money Options at April 30, 2001
			Exercisable/ Unexercisable	Exercisable/ Unexercisable (\$)
<S> Robert V. Tarantino	<C> 90,000	<C> 1,729,333 120,000	<C> 180,000 776,100	<C> 1,164,150
Jeffrey H. Duncan	--	300,000 75,000	2,035,375 492,563	
Mark E. Maddocks	15,000	381,150 27,000	30,000 182,123	207,525
Hugh F. Tucker	18,000	531,188 27,000	27,000 188,123	188,123
Mark R. Bresky	15,000	366,078 2,400	12,600 16,722	89,603

</TABLE>

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PERFORMANCE GRAPH

COMPARISON OF THE FIVE-YEAR CUMULATIVE TOTAL RETURN* AMONG DATARAM CORPORATION, THE S&P 500 INDEX AND A PEER GROUP

[The chart is a three-line graph of dollars versus dates having the following data points:

	4/96	4/97	4/98	4/99	4/00	4/01
Dataram	100	147	201	248	1045	469
Peer Group**	100	103	81	49	53	26
S&P 500	100	125	177	215	237	206]

*\$100 invested on 4/30/96 in stock or index including reinvestment of dividends, fiscal year ending April 30.

**Standard Industrial Code Peer Group includes the following companies: Ciprico, Inc.; Constellation 3D inc.; Dot Hill Systems Corp; Dataram Corp.; Drexler Technology Corp.; Exabyte Corp.; Iomega Corp.; Komag Inc.; M Sys Flash Disk Pioneers Ltd.; MTI Technology Corp.; Network Engines, Inc.; Overland Data, Inc.; Procom Technology, Inc.; Storage Computer Corp.; and Western Digital Corp.

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Employment Agreement. As of May 1, 1997, Robert V. Tarantino entered into an Employment Agreement with the Company. The Employment Agreement is scheduled to expire on April 30, 2002. If not terminated at that time it continues on a year to year basis until terminated by one of the parties. It provides for a current base compensation of \$300,000 subject to annual review by the Board of Directors. In addition Mr. Tarantino will receive a bonus based upon a formula which shall be reviewed and approved annually by the Board of Directors (See "Report of the Compensation and Stock Option Committee of the Board of Directors on Executive Compensation-Bonuses). The Employment Agreement may be terminated by the Company for cause and expires upon the death, or six months after the onset of the disability, of the executive. In the event of termination within a year of a change of control, Mr. Tarantino is entitled to damages for the breach of the Employment Agreement or, if greater, one year's base salary plus three months additional salary at the then current rate for each year of the Agreement in which the pre-tax operating profits shall have exceeded 110% of the greater of the prior year's actual pre-tax operating profit or a minimum base pre-tax operating profit. The Employment Agreement contains terms concerning confidentiality, assignment and disclosure of inventions and post-employment restrictions on competition.

Compensation Committee Interlocks and Insider Participation. The Securities and Exchange Commission rules regarding disclosure of executive compensation require proxy statement disclosure of specified information regarding certain relationships of members of the Company's Board of Directors with the Company or certain other entities. None of the members of the Corporation's Board of Directors has a relationship requiring such disclosure.

REPORT OF THE COMPENSATION AND STOCK OPTION COMMITTEE OF THE BOARD OF DIRECTORS ON EXECUTIVE COMPENSATION

The Company's compensation policies applicable to its executive officers are administered by the Compensation and Stock Option Committee (the "Committee") of the Board of Directors. All members of the Committee are non-employee directors. These policies are designed to enhance the overall

strength and financial performance of the Company by aligning the financial interests of the Company's executive officers with those of its stockholders.

The three primary components of executive compensation are base salaries, bonuses and stock option grants. The Committee determines the base salary, bonus amount and stock option grants for the President and Chief Executive Officer. The Committee reviews and gives final approval to the President and Chief Executive Officer's recommendations for base salaries, bonus and stock option grants for all other executives.

Base Salary

The Committee considered the financial performance of the Company, reviewed a survey of executive salaries for computer and computer products companies (compiled by the American Electronics Association) and determined the base salary for the President and Chief Executive Officer, Robert V. Tarantino.

Base salaries for other executive officers for the fiscal year ended April 30, 2001 were determined by the President and Chief Executive Officer.

Bonuses

The Committee reviewed and gave final approval for a bonus plan for the President and Chief Executive Officer and for other executive officers. This bonus plan, similar to plans adopted in prior years, is based on a distribution of a percentage (approximately 3% this year) of pre-tax operating profits based on meeting or exceeding stated objectives.

Stock Option Plan

The value to each executive officer of stock option grants is tied directly to stock price performance. The Committee grants options under the stockholder approved option plan at an exercise price equal to the market price of the Common Stock at the date of grant. If at an option's expiration date there has been no appreciation in the market price for the Company's Common Stock, the option will not then have any value.

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Grants are made to executive officers based on salary, responsibility and performance of the individual officer. The Committee believes that options are important to better align the financial interests of executive officers with those of shareholders in general. Each option granted was a ten-year option with a deferred vesting provision of five years.

Compensation and Stock Option Committee

Richard Holzman
Thomas A. Majewski
Roger C. Cady
Bernard L. Riley

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES PROPOSED BY THE BOARD OF DIRECTORS, AND, UNLESS A SHAREHOLDER GIVES INSTRUCTIONS ON THE PROXY CARD TO THE CONTRARY, THE PROXY AGENTS NAMED THEREON INTEND SO TO VOTE.

APPROVAL OF 2001 STOCK OPTION PLAN

GENERAL

In 1992, our Board of Directors adopted the Dataram Corporation 1992 Incentive and Non-Statutory Stock Option Plan (as amended, the "1992 Plan"). The 1992 Plan allowed the grant of a total of 2,850,000 shares of Common Stock (on a post-split basis) pursuant to stock options. As of July 16, 2001, options for 115,400 shares that were authorized for grant under the 1992 Plan remain available for grant.

The Board of Directors, acting on the recommendation of the Compensation and Stock Option Committee, unanimously adopted the 2001 Dataram Corporation Stock Option Plan (the 2001 Plan). This adoption is subject to the approval of shareholder at the Annual Meeting. The Board of Directors recommends shareholder approval of the 2001 Plan.

Under the 2001 Plan options to purchase up to 1,800,000 shares of common stock may be granted by the Corporation to officers, employees, outside directors and consultants to the Company.

The Board of Directors believes that, to attract and retain officers and employees of the highest caliber, provide increased incentive for such persons to strive to attain the Dataram's long-term goal of increasing shareholder value, and to continue to promote the well-being of the Company, it is in the best interests of the Company and its shareholders to provide officers and employees of the Company, as well as outside directors and consultants, through the granting of stock options, the opportunity to participate in the appreciation in value of the Company's Common Stock. The 1992 Plan has been effective in retaining and motivating key employees and attracting and retaining experienced and qualified individuals to work for Dataram. Accordingly, the Board of Directors believes that the proposed increase in the number of shares available for grant under the 2001 Plan is in the best interests of the Company and the shareholders.

This proposal summarizes the essential features of the 2001 Plan. A copy of the 2001 Plan may be obtained by a shareholder without charge by writing to Vice President Finance, Dataram Corporation, P.O. Box 7528, Princeton, New Jersey 08543-7528, or the 2001 Plan may be viewed as an exhibit to the Proxy Statement filed with the Securities and Exchange Commission and available at <http://www.sec.gov>.

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DESCRIPTION OF MATERIAL FEATURES OF THE 2001 PLAN

The purpose of the 2001 Plan is to enable us to grant stock options to eligible officers, employees, non-employee directors and consultants at levels we believe will motivate superior performance and help us attract and retain outstanding personnel. We believe that providing our key personnel with stock option incentives will enhance our long-term performance.

The 2001 Plan will become effective upon approval by a majority of the shareholders present and voting. The 2001 Plan provides for the grant of options to purchase a total of up to 1,800,000 shares of Common Stock (subject to adjustment for certain changes in our capital, as described below under "Changes in Capital").

ADMINISTRATION. The Compensation and Stock Option Committee (the "Committee") has the exclusive discretionary authority to operate, manage and administer the 2001 Plan in accordance with its terms. The Committee's decisions and actions concerning the 2001 Plan are final and conclusive. Within the limitations of the 2001 Plan and applicable laws and rules, the Committee may allocate or delegate its administrative responsibilities and powers under the 2001 Plan, and our Board of Directors is permitted to exercise all of the Committee's powers under the 2001 Plan.

In addition to its other powers under the 2001 Plan described in this summary, the Committee has the following authorities and powers under the 2001 Plan in accordance with its terms:

- o to determine which eligible employees, officers, directors and/or consultants will receive options under the 2001 Plan and the number of shares of Common Stock covered by each such option;
- o to establish, amend, waive and rescind rules, regulations and guidelines for carrying out the 2001 Plan;
- o to establish, administer and waive terms, conditions, performance criteria, restrictions, or forfeiture provisions, or additional terms, under the 2001 Plan, or

applicable to options granted under the 2001 Plan;

- o to accelerate the vesting or exercisability of options granted under the 2001 Plan;
- o to offer to buy out outstanding options granted under the 2001 Plan;
- o to determine the form and content of the option agreements which represent options granted under the 2001 Plan;
- o to interpret the 2001 Plan and option agreements;
- o to correct any errors, supply any omissions and reconcile any inconsistencies in the 2001 Plan and/or any option agreements; and
- o to take any actions necessary or advisable to operate and administer the 2001 Plan.

Currently, the Committee consists of Messrs. Holzman, Majewski, Riley and Cady, each of whom is a director, but not an employee, of Dataram.

SHARES SUBJECT TO THE 2001 PLAN; LIMITATIONS ON GRANTS OF OPTIONS. If this proposal is approved by the shareholders, a total of 1,800,000 shares of Common Stock would be available for delivery upon exercise of options granted under the 2001 Plan, subject to adjustment for certain changes in our capital (described below under "Changes in Capital"). The shares of Common Stock that may be delivered under the 2001 Plan consist of either authorized and unissued shares (which will not be subject to preemptive rights) or previously issued shares that we have reacquired and hold as treasury shares. In addition, shares of Common Stock covered by options that terminate or are canceled before being exercised under the 2001 Plan would be available for future options grants under the 2001 Plan. If any person exercises an option under the 2001 Plan by paying the exercise price with shares of Common Stock which such person already owns, only the number of shares in excess of the shares so paid by such person will count against the total number of shares that may be delivered under the 2001

Plan. "Incentive Stock Options" (as described below under "Terms of Options--Types of Options") covering no more than a total of 1,800,000 shares of Common Stock may be granted under the 2001 Plan.

PARTICIPATION. The Committee may grant options under the 2001 Plan to our officers, employees, non-employee directors and consultants, as well as those of our affiliates. Our affiliates, for purposes of the 2001 Plan, are generally entities in which we have, directly or indirectly, greater than 50 percent ownership interest, or which have a more than 50 percent direct or indirect ownership interest in us, or any other entity in which we have a material equity interest that the Committee designates as an affiliate for purposes of the 2001 Plan. Only employees of Dataram and its subsidiaries (as defined in the 2001 Plan) are eligible to receive "incentive stock options" under the 2001 Plan, however.

All of our employees (currently approximately 385 in number), including all of our executive officers (five in number, and four non-employee directors), are eligible to receive options under the 2001 Plan. As of July 1, 2001 (the last date as of which complete data are available), outstanding options both under the 1992 Plan and outside of the 1992 Plan are held by the following named individuals and groups.

Name and Position	Stock Options (Number of Shares)
Robert V. Tarantino, President and Chief Executive Officer	300,000 shares
Jeffrey H. Duncan, Vice President - Manufacturing and Engineering	375,000 shares
Mark E. Maddocks, Vice President - Finance and Chief Financial Officer	57,000 shares
Hugh F. Tucker, Vice President - Sales	54,000 shares

Mark Bresky, Vice President - Information Technology	54,000 shares
All current executive officers as a group	840,000 shares
All current directors who are not executive officers as a group	112,500 shares
All other employees as a group	747,150 shares

The individuals to whom additional options will be granted under the 2001 Plan, and the amounts of such individual grants, have not been determined, but it is anticipated that, among others, all of our present executive officers, including the individuals named in the Compensation Table, will receive additional options under the 2001 Plan.

TERMS OF OPTIONS.

TYPES OF OPTIONS. Additional options to be granted under the 2001 Plan will be either "incentive stock options," which are intended to receive special tax treatment under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), or options other than incentive stock options (referred to as "non-qualified options"), as determined by the Committee and stated in the applicable option agreement.

OPTION PRICE. The Committee determines the option exercise price of each option granted under the 2001 Plan at the time of grant. However, the per-share exercise price of an "incentive stock option" granted under the 2001 Plan must be at least equal to 100 percent of the fair market value of Common Stock (as defined in the 2001 Plan) on the date such incentive stock option is granted. On July 16, 2001, the fair market value of a share of Common Stock was \$9.40.

PAYMENT. The option exercise price of any options granted under the 2001 Plan may be paid in any legal manner prescribed by the Committee. The method of payment includes a "cashless exercise" program if the Committee elects to establish such a program, or use of shares of Common Stock already owned for at least six months by the person exercising an option, subject in any case to whatever conditions or limitations the Committee

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may prescribe. Any cash proceeds that we receive upon the exercise of options granted under the 2001 Plan constitute general funds of Dataram.

EXERCISE OF OPTIONS. The Committee determines, as set forth in the applicable option agreements, the times or conditions upon which options granted under the 2001 Plan may be exercised, and any events that will cause such options to terminate. Each option granted under the 2001 Plan will expire on or before ten years following the date such option was granted. In general, options granted under the 2001 Plan also terminate when the recipient's service as a director, employee or consultant of Dataram or its affiliates terminates; however, the Committee may permit an option that has not otherwise expired to be exercised after such a termination of service as to all or part of the shares covered by such option.

TRANSFERABILITY OF OPTIONS. Options granted under the 2001 Plan are, in general, only exercisable during the lifetime of the recipient by him or her. A deceased recipient's options are, however, transferable by will or the laws of descent and distribution or to a designated beneficiary of such recipient. The Committee may permit the recipient of a non-qualified option under the 2001 Plan to transfer such option during his or her lifetime, subject to such terms and conditions as the Committee may prescribe.

CHANGES IN CAPITAL. In order to preserve the benefits or potential benefits intended to be made available under the 2001 Plan or outstanding options, or as otherwise necessary, the Committee may, in its discretion, make appropriate adjustments in (a) the number, class and kind of shares available under the 2001 Plan, (b) the limit on the number of shares of Common Stock that can be subject to options granted to a single recipient during a 12-month period, and (c) the number, class, kind and price of shares under each outstanding option, in the event of changes in our outstanding common stock resulting from certain changes in our corporate structure or capitalization, such as the payment of a stock dividend, a stock split, a recapitalization, reorganization, merger or consolidation (whether or not Dataram is the surviving corporation), a spin-off, liquidation or other substantial distribution of assets or the issuance of our stock for less than

full consideration, or rights or convertible securities with respect to our stock.

In the event of a "change in control" of Dataram (as defined in the 2001 Plan), all options then outstanding under the 2001 Plan will be accelerated and become immediately exercisable in full. The 2001 Plan gives the Committee discretion, in the event of such a change in control transaction, to substitute for shares of Common Stock subject to options outstanding under the 2001 Plan shares or other securities of the surviving or successor corporation, or another corporate party to the transaction, with approximately the same value, or to cash out outstanding options based upon the highest value of the consideration received for Common Stock in such transaction, or, if higher, the highest fair market value of Common Stock during the 30 business days immediately prior to the closing or expiration date of such transaction, reduced by the option exercise price of the options cashed out. The Committee may also provide that any options subject to any such acceleration, adjustment or conversion cannot be exercised after such a change in control transaction. If such a change in control transaction disqualifies an employee's incentive stock options from favorable "incentive stock option" tax treatment under the Internal Revenue Code or results in the imposition of certain additional taxes on such an employee, we may, in the Committee's discretion, make a cash payment that would leave such an employee in the same after-tax position that he or she would have been in had such disqualification not occurred, or to otherwise equalize such employee for such taxes.

TAX WITHHOLDING OBLIGATIONS. Recipients who exercise their options under the 2001 Plan are required to pay, or make other satisfactory arrangements to pay, tax withholding obligations arising under applicable law with respect to such options. Such taxes must be paid in cash by a recipient, or, if the Committee permits, a recipient may elect to satisfy all or a part of such tax obligations by requesting that we withhold shares otherwise deliverable upon the exercise of his or her option and/or by tendering shares of Common Stock already owned by such recipient for at least six months. We may also, in accordance with applicable law, deduct any such taxes from amounts that are otherwise due to such a recipient.

AMENDMENT AND TERMINATION OF THE 2001 PLAN. Our Board of Directors may amend, alter, suspend or terminate the 2001 Plan. However, the Board of Directors will be required to obtain approval of the shareholders, if such approval is required by any applicable law (including requirements relating to incentive stock options) or rule, of any amendment of the 2001 Plan that would:

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- o except in the event of certain changes in our capital (as described above under "Changes in Capital"), increase the number of shares of Common Stock that may be delivered under the 2001 Plan, or that may be subject to options granted to a single recipient in a 12-month period;
- o decrease the minimum option exercise price required by the 2001 Plan;
- o change the class of persons eligible to receive options under the 2001 Plan; or
- o extend the duration of the 2001 Plan or the exercise period of any options granted under the 2001 Plan.

The Committee may amend outstanding options. However, no such amendment or termination of the 2001 Plan or amendment of outstanding options may materially impair the previously accrued rights of any recipient of an option under the 2001 Plan without his or her written consent.

The 2001 Plan will terminate on September 11, 2011, unless the 2001 Plan is terminated earlier by our Board of Directors or due to delivery of all shares of Common Stock available under the 2001 Plan; however, any options outstanding when the 2001 Plan terminates will remain outstanding until such option terminates or expires.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES. The following is a brief summary of certain significant United States Federal income tax consequences, under the Internal Revenue Code, as in effect on the date of this summary, applicable to Dataram and recipients of options under the 2001 Plan (who are referred to in this summary as "optionees") in connection with the grant and exercise of options under the 2001 Plan. This summary is not intended to be exhaustive, and, among other things, does not describe state, local or foreign tax consequences, or the effect of gift, estate or inheritance taxes. References to "Dataram" and "us" in this summary of tax consequences mean Dataram Corporation or any affiliate of Dataram Corporation that employs an optionee, as the case may be.

The grant of stock options under the 2001 Plan will not result in taxable income to optionees or an income tax deduction for us. However, the transfer of Common Stock to optionees upon exercise of their options may or may not give rise to taxable income to the optionees and tax deductions for us, depending upon whether the options are "incentive stock options" or non-qualified options.

The exercise of a non-qualified option generally results in immediate recognition of ordinary income by the optionee and a corresponding tax deduction for us in the amount by which the fair market value of the shares of Common Stock purchased, on the date of such exercise, exceeds the aggregate option price. Any appreciation or depreciation in the fair market value of such shares after the date of such exercise will generally result in a capital gain or loss to the optionee at the time he or she disposes of such shares.

In general, the exercise of an incentive stock option is exempt from income tax (although not from the alternative minimum tax) and does not result in a tax deduction for us at any time unless the optionee disposes of the common stock purchased thereby within two years of the date such incentive stock option was granted or one year of the date of such exercise (known as a "disqualifying disposition"). If these holding period requirements under the Internal Revenue Code are satisfied, and if the optionee has been an employee of us at all times from the date of grant of the incentive stock option to the day three months before such exercise (or twelve months in the case of termination of employment due to disability), then such optionee will recognize any gain or loss upon disposition of such shares as capital gain or loss. However, if the optionee makes a disqualifying disposition of any such shares, he or she will generally be obligated to report as ordinary income for the year in which such disposition occurs the excess, with certain adjustments, of the fair market value of the shares disposed of, on the date the incentive stock option was exercised, over the option price paid for such shares. We would be entitled to a tax deduction in the same amount so reported by such optionee. Any additional gain realized by such optionee on such a disqualifying disposition of such shares would be capital gain. If the total amount realized in a disqualifying disposition is less than the exercise price of the incentive stock option, the difference would be a capital loss for the optionee.

Under Section 162(m) of the Internal Revenue Code, we may be limited as to Federal income tax deductions to the extent that total annual compensation in excess of \$1 million is paid to our Chief Executive Officer or any

one of our other four highest paid executive officers who are employed by us on the last day of our taxable year. However, certain "performance-based compensation" the material terms of which are disclosed to and approved by our shareholders is not subject to this deduction limitation. We have structured the 2001 Plan with the intention that compensation resulting from options granted under the 2001 Plan will be qualified performance-based compensation and, assuming shareholder approval of the 2001 Plan, deductible without regard to the limitations otherwise imposed by Section 162(m) of the Internal Revenue Code.

Under certain circumstances, accelerated vesting or exercise of options under the 2001 Plan in connection with a "change in control" of Dataram might be deemed an "excess parachute payment" for purposes of the golden parachute payment provisions of Section 280G of the Internal Revenue Code. To the

extent it is so considered, the optionee would be subject to an excise tax equal to 20 percent of the amount of the excess parachute payment, and we would be denied a tax deduction for the excess parachute payment.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR" THE FOREGOING PROPOSAL, AND, UNLESS A SHAREHOLDER GIVES INSTRUCTIONS ON THE PROXY CARD TO THE CONTRARY, THE APPOINTEES NAMED THEREON INTEND SO TO VOTE.

RATIFICATION OF THE SELECTION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors has selected KPMG LLP as the independent certified public accountants to the Company for the fiscal year ending April 30, 2002. The holders of Common Stock are asked to ratify this selection. KPMG LLP has served the Company in this capacity since the Company's incorporation. If the shareholders fail to ratify the Board's selection of KPMG LLP, the Board will reconsider its action in light of the shareholder vote.

The Company has been advised by KPMG LLP that representatives of that firm are expected to be present at the Annual Meeting of Shareholders. These representatives will have the opportunity to make a statement, if they so desire, and will also be available to respond to appropriate questions from shareholders.

The following table sets forth the aggregate fees billed to the Company for the fiscal year ended April 30, 2001 by the Company's independent accounting firm, KPMG LLP:

Audit Fees	\$160,000
Financial Information Systems Design and Implementation Fees	0
All Other Fees(a)	194,000
Total Fees	\$354,000

(a) Includes professional fees in connection with the acquisition of certain assets of Memory Card Technology A/S, statutory audits, tax preparation and tax consulting services.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the Company's audited financial statements for the fiscal year ended April 30, 2001, with management and the Company's independent public accountants, KPMG, LLP.

The Audit Committee has discussed with KPMG, LLP the matters required to be discussed by Statement of Auditing Standards No. 61 (Certification of Statements on Auditing Standards, AU 380).

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The Audit Committee has received the written disclosures and letter from KPMG, LLP required by Independence Standards Board Standard No. 1 ("Independence Discussions with Audit Committees"), as amended, and has discussed with KPMG, LLP that firm's independence from the Company.

Based on the review and discussions referred to above in this report, the Audit Committee recommended to the Company's Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2001 for filing with the Securities and Exchange Commission.

Audit Committee

Richard Holzman, Chairman
Thomas A. Majewski
Bernard L. Riley
Roger Cady

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR"

RATIFICATION OF THE SELECTION OF INDEPENDENT ACCOUNTANTS, AND, UNLESS A SHAREHOLDER GIVES INSTRUCTIONS ON THE PROXY CARD TO THE CONTRARY, THE APPOINTEES NAMED THEREON INTEND SO TO VOTE.

OTHER MATTERS

Should any other matter or business be brought before the meeting, a vote may be cast pursuant to the accompanying proxy in accordance with the judgment of the proxy holder. The Company does not know of any such other matter or business.

PROPOSALS OF SECURITY HOLDERS AT 2002 ANNUAL MEETING

Any shareholder wishing to present a proposal which is intended to be presented at the 2002 Annual Meeting of Shareholders should submit such proposal to the Company at its principal executive offices no later than March 31, 2002. It is suggested that any proposals be sent by certified mail, return receipt requested.

BOARD OF DIRECTORS

The Board of Directors of the Company met seven times during the last fiscal year.

The Board of Directors has a standing Audit Committee whose members are Richard Holzman, Thomas A. Majewski, Bernard L. Riley and Roger C. Cady. This Committee met once during the last fiscal year.

The Company's Board of Directors has adopted a written charter for the Audit Committee which is attached as an exhibit to this Proxy Statement. Each member of the Audit Committee is independent under the meaning of Rule 4200(a)(15) of the National Association of Securities Dealers Listing Standards. The principal functions of the Audit Committee are evaluation of work of the auditors, review of the accounting principles used in preparing the annual financial statements and review of internal control procedures.

The Board of Directors has a standing Compensation and Stock Option Committee whose members are Richard Holzman, Thomas A. Majewski, Roger C. Cady and Bernard L. Riley. This Committee met four times during the past fiscal year. The principal functions of the Compensation and Stock Option Committee are to recommend to the Board of Directors the compensation of directors and the Chief Executive Officer and to establish and administer various compensation plans, including stock option plans.

The Board of Directors has a standing Nominating Committee whose members are Richard Holzman, Thomas A. Majewski, Roger C. Cady and Bernard L. Riley. This Committee met once during the past fiscal year. The

principal function of this Committee is the recommendation to the Board of Directors of new members of the Board of Directors. This Committee will consider nominees for the Board of Directors recommended by shareholders. Shareholders desiring to make such recommendations should write directly to the Committee at the Company's executive offices at P.O. Box.7528, Princeton, New Jersey 08543-7528.

Directors who are not employees of the Company receive a quarterly payment of \$5,000. During fiscal 1998 Mr. Holzman, Mr. Riley and Mr. Majewski each received five year options to purchase 90,000 shares (adjusted for Common Stock splits) of the Common Stock of the Company at \$2.81, the fair market value of the Common Stock at the date of grant. Upon his election to the Board in 1996, Mr. Cady received options to purchase 90,000 shares (adjusted for Common Stock splits) of the Common stock of the Company at \$2.31 per share, the fair market price at the date of grant. Of all of these options, 25% were first exercisable on the date of grant and 25% more are first exercisable on each succeeding anniversary date until the option is fully exercisable.

SECTION 16(a) COMPLIANCE

The Securities and Exchange Commission requires that the Company report to shareholders the compliance of directors, executive officers and 10% beneficial owners with Section 16(a) of the Securities Exchange Act of 1934, as amended. This provision requires that such persons report on a monthly basis most acquisitions or dispositions of the Company's securities. Based upon information submitted to the Company, all directors, executive officers and 10% beneficial owners have fully complied with such requirements during the past fiscal year except for one executive officer, Mr. Tucker, who sold 5,000 shares and made a filing which was eleven days late and one director, Mr. Cady, who exercised an option for 22,500 shares and made a filing which was eleven days late.

MISCELLANEOUS

The accompanying proxy is being solicited on behalf of the Board of Directors of the Company. The expense of preparing, printing and mailing the form of proxy, including broker solicitation fees and accountants' and attorneys' fees in connection therewith, will be borne by the Company. The amount is expected to be the amount normally expended for a solicitation for an election of directors in the absence of a contest and costs represented by salaries and wages of regular employees and officers. Solicitation of proxies will be made by mail, but regular employees may solicit proxies by telephone or otherwise.

Please date, sign and return the accompanying proxy at your earliest convenience. No postage is required for mailing in the United States.

Financial information concerning the Company is set forth in the Company's 2001 Annual Report to Security Holders, which is enclosed.

By Order of the Board of Directors

THOMAS J. BITAR,
Secretary

ANNUAL REPORT ON FORM 10-K

Upon the written request of a shareholder, the Company will provide, without charge, a copy of its Annual Report on Form 10-K for the year ended April 30, 2001, including the financial statements and schedules and documents incorporated by reference therein but without exhibits thereto, as filed with the Securities and Exchange Commission. The Company will furnish any exhibit to the Annual Report on Form 10-K to any shareholder upon request and upon payment of a fee equal to the Company's reasonable expenses in furnishing such exhibit. All requests for the Annual Report on Form 10-K or its exhibits should be addressed to Vice President - Finance, Dataram Corporation, P.O. Box 7528, Princeton, New Jersey 08543-7528.

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EXHIBIT A

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

I. PURPOSE

The function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing: the financial reports and other financial information provided by the Corporation to the Securities and Exchange Commission and the public; the Corporation's systems of internal controls regarding finance and accounting; and the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

Serve as an independent and objective party to monitor the

Corporation's financial reporting process and internal control system.

Review and appraise the audit efforts of the Corporation's independent accountants and internal auditing department.

Provide an open avenue of communication among the independent accountants, financial and senior management, the internal auditing department, and the Board of Directors.

II. COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. A member of the Board of Directors shall be independent if (1) neither the member nor any member of his or her immediate family is now nor has been an employee of the Company in the last three years, (2) the member has not received in excess of \$60,000 from the company as compensation for services except for services as a director, (3) no company with which such member is associated as an officer or director has a business relationship with the Company that must be disclosed pursuant to Item 404(b) of Regulation S-K and (4) no executive employee of the company serves as a member of the compensation committee of any company for which the member is employed. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise.

The Members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall meet at least once annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management, and the independent accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet in person or by telephone with the independent accountants and management quarterly to review the Corporation's proposed quarterly financial reports.

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DATARAM CORPORATION
P.O. Box 7528, Princeton, New Jersey 08543-7528

PROXY SOLICITED ON BEHALF OF THE COMPANY'S BOARD OF DIRECTORS

The undersigned hereby appoints and constitutes Robert V. Tarantino and Thomas J. Bitar, and each of them, attorneys and proxies for the undersigned, with full power of substitution to vote as if the undersigned were personally present at the Annual Meeting of the Shareholders of Dataram Corporation (the "Company") to be held at the Company's corporate headquarters at 186 Princeton Road (Route 571), West Windsor, New Jersey, on Wednesday, September 12, 2001 at 2 o'clock in the afternoon and at all adjournments thereof, the shares of stock of said Company registered in the name of the undersigned. The undersigned instructs all such proxies to vote such shares as follows upon the following matters, which are described more fully in the accompanying proxy statement:

I authorize and instruct my Proxy to:

1. VOTE FOR ___ all nominees for the Company's Board of Directors listed below; except that I WITHHOLD AUTHORITY for the following nominees (if any)

Richard Holzman____ Robert V. Tarantino____
Thomas A. Majewski____ Bernard L. Riley____ Roger C. Cady____

VOTE WITHHELD____ from all nominees.

2. VOTE FOR____ AGAINST____ ABSTAIN____ approval of the 2001 Stock Option Plan.

3. VOTE FOR____ AGAINST____ ABSTAIN____ ratification of the selection of KPMG LLP to be the independent auditors of the Company for the fiscal year ending April 30, 2002.

(Continued, and to be signed, on the other side)

(See other side)

4. In their discretion, to vote upon such other business as may properly come before the meeting and all adjournments thereof. This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted for Proposals 1 and 2.

Please sign exactly as name appears below. When shares are held by joint tenants, both should sign. When signing as attorney, as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by

President or other authorized officer.

If a partnership, please sign in partnership name by authorized person.

Signature

Signature if held jointly

Dated 2001

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

DATARAM CORPORATION

2001 STOCK OPTION PLAN

1. PURPOSES. The purposes of the Dataram Corporation 2001 Stock Option Plan are to give officers and other employees, consultants and non-employee directors of the Company and its Affiliates an opportunity to acquire shares of Stock, to provide an incentive for such employees, consultants and directors to continue to promote the best interests of the Company and its Affiliates and enhance its long-term performance and to provide an incentive for such employees, consultants and directors to join or remain with the Company and its Affiliates. Toward these objectives, the Committee may grant Options to such employees, directors and consultants, all pursuant to the terms and conditions of the Plan.

2. DEFINITIONS. As used in the Plan, the following capitalized terms shall have the meanings set forth below:

(a) "AFFILIATE" - other than the Company, (i) any corporation or limited liability company in an unbroken chain of corporations or limited liability companies ending with the Company if each corporation or limited liability company owns stock or membership interests (as applicable) possessing more than fifty percent (50%) of the total combined voting power of all classes of stock in one of the other corporations or limited liability companies in such chain; (ii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is more than fifty percent (50%) controlled (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; or (iii) any other entity, approved by the Committee as an Affiliate under the Plan, in which the Company or any of its Affiliates has a material equity interest.

(b) "AGREEMENT" - a written stock option award agreement evidencing an Option, as described in Section 3(e).

(c) "BENEFICIAL OWNERSHIP" - (including correlative terms) shall have the same meaning given such term in Rule 13d-3 promulgated under the Exchange Act.

(d) "BOARD" - the Board of Directors of the Company.

(e) "CHANGE IN CONTROL" - the occurrence of any of the following:

(i) an acquisition in one transaction or a series of related transactions (other than directly from the Company or pursuant to Options granted under the Plan or other similar awards granted by the Company) of any Voting Securities by any Person, immediately after which such Person has Beneficial Ownership of fifty percent (50%) or more of the combined voting power of the Company's then outstanding Voting Securities; PROVIDED, HOWEVER, in determining whether a Change in Control has occurred pursuant to this Section 2(f), Voting Securities which are acquired in a Non-Control Acquisition shall not constitute an acquisition that would cause a Change in Control;

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(ii) the individuals who, immediately prior to the Effective Date, are members of the Board (the "INCUMBENT BOARD"), cease for any reason to constitute at least a majority of the members of the Board; PROVIDED, HOWEVER, that if the election, or nomination for election, by the Company's common stockholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, such new director shall, for purposes of the Plan, be considered as a member of the Incumbent Board; PROVIDED FURTHER, HOWEVER, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result

of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "PROXY CONTEST") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(iii) the consummation of:

(A) a merger, consolidation or reorganization involving the Company UNLESS:

(1) the stockholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly, immediately following such merger, consolidation or reorganization, more than fifty percent (50%) of the combined voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation or reorganization (the "SURVIVING CORPORATION") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization,

(2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least a majority of the members of the board of directors of the Surviving Corporation, or a corporation Beneficially Owning, directly or indirectly, a majority of the voting securities of the Surviving Corporation, and

(3) no Person, OTHER THAN (i) the Company, (ii) any Related Entity (as defined in Section 2(p)), (iii) any employee benefit plan (or any trust forming a part thereof) that, immediately prior to such merger, consolidation or reorganization, was maintained by the Company, the Surviving Corporation, or any Related Entity or (iv) any Person who, together with its Affiliates, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of fifty percent (50%) or more of the then outstanding Voting Securities, owns, together with its Affiliates, Beneficial Ownership of fifty percent (50%) or more of the combined voting power of the Surviving Corporation's then outstanding voting securities

(a transaction described in clauses (1) through (3) above is referred to herein as a "NON-CONTROL TRANSACTION");

(B) a complete liquidation or dissolution of the Company; or

(C) an agreement for the sale or other disposition of all or substantially all of the assets or business of the Company to any Person (other than a transfer to a Related Entity or the distribution to the Company's stockholders of the stock of a Related Entity or any other assets).

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Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the "SUBJECT PERSON") acquired Beneficial Ownership of fifty percent (50%) or more of the combined voting power of the then outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons, PROVIDED that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and (1) before such share acquisition by the Company the Subject Person becomes the Beneficial Owner of any new or additional Voting Securities in a related transaction or (2) after such share acquisition by the Company the Subject Person becomes the Beneficial Owner of any new or additional Voting Securities which in either case increases the percentage of the then outstanding Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall be deemed to occur. Solely for purposes of this Section 2(f), (x) "Affiliate" shall mean, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person; (y) any "Relative" (for this purpose, "Relative" means a spouse, child, parent, parent of spouse, sibling or grandchild) of an individual shall be deemed to

be an Affiliate of such individual for this purpose; and (z) neither the Company nor any Person controlled by the Company shall be deemed to be an Affiliate of any holder of Common Stock.

(g) "CODE" - the Internal Revenue Code of 1986, as it may be amended from time to time, including regulations and rules thereunder and successor provisions and regulations and rules thereto.

(h) "COMMITTEE" - the Compensation and Stock Option Committee of the Board, or such other Board committee as may be designated by the Board to administer the Plan.

(i) "COMPANY" - Dataram Corporation, a New Jersey corporation, or any successor entity.

(j) "DISQUALIFIED OPTION" - the meaning given such term in Section 10(d).

(k) "DISQUALIFYING DISPOSITION" - the meaning given such term in Section 10(d).

(l) "EFFECTIVE DATE" - the date on which the Plan is effective, as determined pursuant to Section 15.

(m) "EXCHANGE ACT" - the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(n) "FAIR MARKET VALUE" - of a share of Stock as of a given date shall be: (i) if the Stock is listed or admitted to trading on an established stock exchange (including, for this purpose, the Nasdaq National Market), the closing sale price for a share of Stock on the composite tape or in Nasdaq National Market trading as reported in THE WALL STREET JOURNAL (or, if not so reported, such other nationally recognized reporting source as the Committee shall select) for such date, or, if no such prices are reported for such date, the most recent day for which such prices are available shall be used; (ii) if the Stock is not then listed or admitted to trading on such a stock exchange, the mean of the closing representative bid and asked prices for the Stock on such date as reported by the Nasdaq Small Cap Market or, if not so reported, by the OTC Bulletin Board (or any successor or similar quotation system regularly reporting the market value of the Stock in the over-the-counter market), or, if no such prices are reported for such date, the most recent day for which such prices are available shall be used; or (iii) in the event neither of the valuation methods provided for in clauses

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(i) and (ii) above are practicable, the fair market value of a share of Stock determined by such other reasonable valuation method as the Committee shall, in its discretion, select and apply in good faith as of the given date; PROVIDED, HOWEVER, that for purposes of Incentive Stock Options, "fair market value" shall be determined subject to Section 422(c)(7) of the Code.

(o) "ISO" or "INCENTIVE STOCK OPTION" - a right to purchase Stock granted to an Optionee under the Plan in accordance with the terms and conditions set forth in Section 6 and which conforms to the applicable provisions of Section 422 of the Code.

(p) "NON-CONTROL ACQUISITION" - an acquisition by (i) an employee benefit plan (or a trust forming a part thereof) maintained by (A) the Company or (B) any corporation or other Person of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by the Company (a "RELATED ENTITY"), (ii) the Company or any Related Entity, (iii) Robert V. Tarantino or any entity of which he is affiliated or associated, or (iv) any Person in connection with a Non-Control Transaction.

(q) "NOTICE" - written notice actually received by the Company at its executive offices on the day of such receipt, if received on or before 1:30 p.m., on a day when the Company's executive offices are open for business, or, if received after such time, such notice shall be deemed received on the next such day, which notice may be delivered in person to the Company's Secretary or sent by facsimile to the Company at (732) 271-9686, or

sent by certified or registered mail or overnight courier, prepaid, addressed to the Company at 394 Elizabeth Avenue, Somerset, New Jersey 08873, Attention: Secretary.

(r) "OPTION" - a right to purchase Stock granted to an Optionee under the Plan in accordance with the terms and conditions set forth in Section 6. Options may be either ISOs or stock options other than ISOs.

(s) "OPTIONEE" - an individual who is eligible, pursuant to Section 5, and who has been selected, pursuant to Section 3(c), to participate in the Plan, and who holds an outstanding Option granted to such individual under the Plan in accordance with the terms and conditions set forth in Section 6.

(t) "PERSON" - "person" as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act, including, without limitation, any individual, corporation, limited liability company, partnership, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other entity or any group of Persons.

(u) "PLAN" - this Dataram Corporation 2001 Stock Option Plan.

(v) "PREDECESSOR PLAN" - the Company's 1992 Incentive and Non-Statutory Stock Option Plan, as amended.

(w) "SECURITIES ACT" - the Securities Act of 1933, as it may be amended from time to time, including the regulations and rules promulgated thereunder and successor provisions and regulations and rules thereto.

(x) "STOCK" - the common stock of the Company, without par value.

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(y) "SUBSIDIARY" - any present or future corporation which is or would be a "subsidiary corporation" of the Company as the term is defined in Section 424(f) of the Code.

(z) "VOTING SECURITIES" - all the outstanding voting securities of the Company entitled to vote generally in the election of the Board.

3. ADMINISTRATION OF THE PLAN. (a) The Committee shall have exclusive authority to operate, manage and administer the Plan in accordance with its terms and conditions. Notwithstanding the foregoing, in its absolute discretion, the Board may at any time and from time to time exercise any and all rights, duties and responsibilities of the Committee under the Plan, including, but not limited to, establishing procedures to be followed by the Committee, but excluding matters which under any applicable law, regulation or rule, including, without limitation, any exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3, or any successor rule, as the same may be amended from time to time) or Section 162(m) of the Code, are required to be determined in the sole discretion of the Committee. If and to the extent that no Committee exists which has the authority to administer the Plan, the functions of the Committee shall be exercised by the Board.

(b) The Committee shall be appointed from time to time by the Board, and the Committee shall consist of not less than three members of the Board. Appointment of Committee members shall be effective upon their acceptance of such appointment. Committee members may be removed by the Board at any time either with or without cause, and such members may resign at any time by delivering notice thereof to the Board. Any vacancy on the Committee, whether due to action of the Board or any other reason, shall be filled by the Board.

(c) The Committee shall have full authority to grant, pursuant to the terms of the Plan, Options to those individuals who are eligible to receive Options under the Plan. In particular, the Committee shall have discretionary authority, in accordance with the terms of the Plan, to: determine eligibility for participation in the Plan; select, from time to

time, from among those eligible, the employees, directors and consultants to whom Options shall be granted under the Plan, which selection may be based upon information furnished to the Committee by the Company's or an Affiliate's management; determine whether an Option shall take the form of an ISO or an Option other than an ISO; determine the number of shares of Stock to be included in any Option and the periods for which Options will be outstanding; establish and administer any terms, conditions, performance criteria, restrictions, limitations, forfeiture, vesting or exercise schedule, and other provisions of or relating to any Option; grant waivers of terms, conditions, restrictions and limitations under the Plan or applicable to any Option, or accelerate the vesting or exercisability of any Option; amend or adjust the terms and conditions of any outstanding Option and/or adjust the number and/or class of shares of Stock subject to any outstanding Option; at any time and from time to time after the granting of an Option, specify such additional terms, conditions and restrictions with respect to any such Option as may be deemed necessary or appropriate to ensure compliance with any and all applicable laws or rules, including, but not limited to, terms, restrictions and conditions for compliance with applicable securities laws, regarding an Optionee's exercise of Options by tendering shares of Stock or under any "cashless exercise" program established by the Committee, and methods of withholding or providing for the payment of required taxes; offer to buy out an Option previously granted, based on such terms and conditions as the Committee shall establish with and communicate to the Optionee at the time such offer is made; and, to the extent permitted under the applicable Agreement, permit the transfer of an Option or the

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exercise of an Option by one other than the Optionee who received the grant of such Option (other than any such a transfer or exercise which would cause any ISO to fail to qualify as an "incentive stock option" under Section 422 of the Code).

(d) The Committee shall have all authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the foregoing sentence or Section 3(a), and in addition to the powers otherwise expressly designated to the Committee in the Plan, the Committee shall have the exclusive right and discretionary authority to interpret the Plan and the Agreements; construe any ambiguous provision of the Plan and/or the Agreements and decide all questions concerning eligibility for and the amount of Options granted under the Plan. The Committee may establish, amend, waive and/or rescind rules and regulations and administrative guidelines for carrying out the Plan and may correct any errors, supply any omissions or reconcile any inconsistencies in the Plan and/or any Agreement or any other instrument relating to any Options. The Committee shall have the authority to adopt such procedures and subplans and grant Options on such terms and conditions as the Committee determines necessary or appropriate to permit participation in the Plan by individuals otherwise eligible to so participate who are foreign nationals or employed outside of the United States, or otherwise to conform to applicable requirements or practices of jurisdictions outside of the United States; and take any and all such other actions it deems necessary or advisable for the proper operation and/or administration of the Plan. The Committee shall have full discretionary authority in all matters related to the discharge of its responsibilities and the exercise of its authority under the Plan. Decisions and actions by the Committee with respect to the Plan and any Agreement shall be final, conclusive and binding on all persons having or claiming to have any right or interest in or under the Plan and/or any Agreement.

(e) Each Option shall be evidenced by an Agreement, which shall be executed by the Company and the Optionee to whom such Option has been granted, unless the Agreement provides otherwise; two or more Options granted to a single Optionee may, however, be combined in a single Agreement. An Agreement shall not be a precondition to the granting of an Option; no person shall have any rights under any Option, however, unless and until the Optionee to whom the Option shall have been granted (i) shall have executed and delivered to the Company an Agreement or other instrument evidencing the Option, unless such Agreement provides otherwise, and (ii) has otherwise complied with the applicable terms and conditions of the Option. The Committee shall prescribe the form of all Agreements, and, subject to the terms and conditions of the Plan, shall determine the content of all

Agreements. Any Agreement may be supplemented or amended in writing from time to time as approved by the Committee; PROVIDED that the terms and conditions of any such Agreement as supplemented or amended are not inconsistent with the provisions of the Plan.

(f) A majority of the members of the entire Committee shall constitute a quorum and the actions of a majority of the members of the Committee in attendance at a meeting at which a quorum is present, or actions by a written instrument signed by all members of the Committee, shall be the actions of the Committee.

(g) The Committee may consult with counsel who may be counsel to the Company. The Committee may, with the approval of the Board, employ such other attorneys and/or consultants, accountants, appraisers, brokers and other persons as it deems necessary or appropriate. In accordance with Section 12, the Committee shall not incur any liability for any action taken in good faith in reliance upon the advice of such counsel or other persons.

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(h) In serving on the Committee, the members thereof shall be entitled to indemnification as directors of the Company, and to any limitation of liability and reimbursement as directors with respect to their services as members of the Committee.

(i) Except to the extent prohibited by applicable law, including, without limitation, the requirements applicable under Section 162(m) of the Code to any Option intended to be "qualified performance-based compensation," or the requirements for any Option granted to an officer or director to be covered by any exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3, or any successor rule, as the same may be amended from time to time), or the applicable rules of a stock exchange, the Committee may, in its discretion, allocate all or any portion of its responsibilities and powers under this Section 3 to any one or more of its members and/or delegate all or any part of its responsibilities and powers under this Section 3 to any person or persons selected by it; PROVIDED, HOWEVER, that the Committee may not delegate its authority to correct errors, omissions or inconsistencies in the Plan. Any such authority delegated or allocated by the Committee under this paragraph (i) of Section 3 shall be exercised in accordance with the terms and conditions of the Plan and any rules, regulations or administrative guidelines that may from time to time be established by the Committee, and any such allocation or delegation may be revoked by the Committee at any time.

4. SHARES OF STOCK SUBJECT TO THE PLAN. (a) The shares of stock subject to Options granted under the Plan shall be 1,800,000 shares of Stock. Such shares of Stock subject to the Plan may be either authorized and unissued shares (which will not be subject to preemptive rights) or previously issued shares acquired by the Company or any Subsidiary.

(b) The numbers of shares of Stock specified in this Section 4 shall be adjusted as provided in Section 10.

(c) Any shares of Stock subject to an Option which for any reason expires or is terminated or canceled without having been fully exercised by delivery of shares of Stock may again be granted pursuant to an Option under the Plan, subject to the limitations of this Section 4.

(d) If the option exercise price of an Option granted under the Plan is paid by tendering to the Company shares of Stock already owned by the holder of such option (or such holder and his or her spouse jointly), only the number of shares of Stock issued net of the shares of Stock so tendered shall be deemed delivered for purposes of determining the total number of shares of Stock that may be delivered under the Plan.

(e) Any shares of Stock delivered under the Plan in assumption or substitution of outstanding stock options, or obligations to grant future stock options, under plans or arrangements of an entity other than the Company or an Affiliate in connection with the Company or an Affiliate acquiring such another entity, or an interest in such an entity, or a transaction otherwise described in Section 6(j), shall not reduce the

maximum number of shares of Stock available for delivery under the Plan.

5. ELIGIBILITY. Executive employees and other employees, including officers, of the Company and the Affiliates, directors (whether or not also employees), and consultants of the Company and the Affiliates, shall be eligible to become Optionees and receive Options in accordance with the terms and conditions of the Plan, subject to the limitations on the granting of ISOs set forth in Section 6(h).

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6. TERMS AND CONDITIONS OF STOCK OPTIONS. All Options to purchase Stock granted under the Plan shall be either ISOs or Options other than ISOs. To the extent that any Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Option, or the portion thereof which does not so qualify, shall constitute a separate Option other than an Incentive Stock Option. Each Option shall be subject to all the applicable provisions of the Plan, including the following terms and conditions, and to such other terms and conditions not inconsistent therewith as the Committee shall determine and which are set forth in the applicable Agreement. Options need not be uniform as to all grants and recipients thereof.

(a) The option exercise price per share of shares of Stock subject to each Option shall be determined by the Committee and stated in the Agreement; PROVIDED, HOWEVER, that, subject to paragraph (h)(iii) and/or (j) of this Section 6, if applicable, such price applicable to any ISO shall not be less than one hundred percent (100%) of the Fair Market Value of a share of Stock at the time that the Option is granted.

(b) Each Option shall be exercisable in whole or in such installments, at such times and under such conditions as may be determined by the Committee, in its discretion in accordance with the Plan, and stated in the Agreement, and, in any event, over a period of time ending not later than ten (10) years from the date such Option was granted, subject to paragraph (h)(iii) of this Section 6.

(c) An Option shall not be exercisable with respect to a fractional share of Stock or the lesser of one hundred (100) shares and the full number of shares of Stock then subject to the Option. No fractional shares of Stock shall be issued upon the exercise of an Option.

(d) Each Option may be exercised by giving Notice to the Company specifying the number of shares of Stock to be purchased, which shall be accompanied by payment in full including applicable taxes, if any, in accordance with Section 9. Payment shall be in any manner permitted by applicable law and prescribed by the Committee, in its discretion, and set forth in the Agreement, including, in the Committee's discretion, and subject to such terms, conditions and limitations as the Committee may prescribe, payment in accordance with a "cashless exercise" arrangement established by the Committee and/or in Stock owned by the Optionee or by the Optionee and his or her spouse jointly and acquired more than six (6) months prior to such tender.

(e) No Optionee or other person shall become the beneficial owner of any shares of Stock subject to an Option, nor have any rights to dividends or other rights of a shareholder with respect to any such shares until he or she has exercised his or her Option in accordance with the provisions of the Plan and the applicable Agreement.

(f) An Option may be exercised only if at all times during the period beginning with the date of the granting of the Option and ending on the date of such exercise, the Optionee was an employee, director or consultant of the Company or an Affiliate, as applicable. Notwithstanding the preceding sentence, the Committee may determine in its discretion that an Option may be exercised prior to expiration of such Option following termination of such continuous employment, directorship or consultancy, whether or not exercisable at the time of such termination, to the extent provided in the applicable Agreement.

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(g) Subject to the terms and conditions and within the limitations of the Plan, the Committee may modify, extend or renew outstanding Options granted under the Plan, or accept the surrender of outstanding Options (up to the extent not theretofore exercised) and authorize the granting of new Options in substitution thereof (to the extent not theretofore exercised).

(h) (i) Each Agreement relating to an Option shall state whether such Option will or will not be treated as an ISO. No ISO shall be granted unless such Option, when granted, qualifies as an "incentive stock option" under Section 422 of the Code. No ISO shall be granted to any individual otherwise eligible to participate in the Plan who is not an employee of the Company or a Subsidiary on the date of granting of such Option. Any ISO granted under the Plan shall contain such terms and conditions, consistent with the Plan, as the Committee may determine to be necessary to qualify such Option as an "incentive stock option" under Section 422 of the Code. Any ISO granted under the Plan may be modified by the Committee to disqualify such Option from treatment as an "incentive stock option" under Section 422 of the Code.

(ii) Notwithstanding any intent to grant ISOs, an Option granted under the Plan will not be considered an ISO to the extent that it, together with any other "incentive stock options" (within the meaning of Section 422 of the Code, but without regard to subsection (d) of such Section) under the Plan and any other "incentive stock option" plans of the Company, any Subsidiary and any "parent corporation" of the Company within the meaning of Section 424(e) of the Code, are exercisable for the first time by any Optionee during any calendar year with respect to Stock having an aggregate Fair Market Value in excess of \$100,000 (or such other limit as may be required by the Code) as of the time the Option with respect to such Stock is granted. The rule set forth in the preceding sentence shall be applied by taking Options into account in the order in which they were granted.

(iii) No ISO shall be granted to an individual otherwise eligible to participate in the Plan who owns (within the meaning of Section 424(d) of the Code), at the time the Option is granted, more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or a Subsidiary or any "parent corporation" of the Company within the meaning of Section 424(e) of the Code. This restriction does not apply if at the time such ISO is granted the Option exercise price per share of Stock subject to the Option is at least 110% of the Fair Market Value of a share of Stock on the date such ISO is granted, and the ISO by its terms is not exercisable after the expiration of five years from such date of grant.

(i) An Option and any shares of Stock received upon the exercise of an Option shall be subject to such other transfer and/or ownership restrictions and/or legending requirements as the Committee may establish in its discretion and which are specified in the Agreement and may be referred to on the certificates evidencing such shares of Stock. The Committee may require an Optionee to give prompt Notice to the Company concerning any disposition of shares of Stock received upon the exercise of an ISO within: (i) two (2) years from the date of granting such ISO to such Optionee or (ii) one (1) year from the transfer of such shares of Stock to such Optionee or (iii) such other period as the Committee may from time to time determine. The Committee may direct that an Optionee with respect to an ISO undertake in the applicable Agreement to give such Notice described in the preceding sentence, at such time and containing such information as the Committee may prescribe, and/or that the certificates evidencing shares of Stock acquired by exercise of an ISO refer to such requirement to give such Notice.

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(j) In the event that a transaction described in Section 424(a) of the Code involving the Company or a Subsidiary is consummated, such as the acquisition of property or stock from an unrelated corporation, individuals who become eligible to participate in the Plan in connection with such transaction, as determined by the Committee, may be granted Options in substitution for stock options granted by another corporation that is a party

to such transaction. If such substitute Options are granted, the Committee, in its discretion and consistent with Section 424(a) of the Code, if applicable, and the terms of the Plan, though notwithstanding paragraph (a) of this Section 6, shall determine the option exercise price and other terms and conditions of such substitute Options.

7. TRANSFER, LEAVE OF ABSENCE. A transfer of an employee from the Company to an Affiliate (or, for purposes of any ISO granted under the Plan, a Subsidiary), or vice versa, or from one Affiliate to another (or in the case of an ISO, from one Subsidiary to another), and a leave of absence, duly authorized in writing by the Company or a Subsidiary or Affiliate, shall not be deemed a termination of employment of the employee for purposes of the Plan or with respect to any Option (in the case of ISOs, to the extent permitted by the Code).

8. RIGHTS OF EMPLOYEES AND OTHER PERSONS. (a) No person shall have any rights or claims under the Plan except in accordance with the provisions of the Plan and the applicable Agreement.

(b) Nothing contained in the Plan or in any Agreement shall be deemed to (i) give any employee or director the right to be retained in the service of the Company or any Affiliate nor restrict in any way the right of the Company or any Affiliate to terminate any employee's employment or any director's directorship at any time with or without cause or (ii) confer on any consultant any right of continued relationship with the Company or any Affiliate, or alter any relationship between them, including any right of the Company or an Affiliate to terminate its relationship with such consultant.

(c) The adoption of the Plan shall not be deemed to give any employee of the Company or any Affiliate or any other person any right to be selected to participate in the Plan or to be granted an Option.

(d) Nothing contained in the Plan or in any Agreement shall be deemed to give any employee the right to receive any bonus, whether payable in cash or in Stock, or in any combination thereof, from the Company or any Affiliate, nor be construed as limiting in any way the right of the Company or any Affiliate to determine, in its sole discretion, whether or not it shall pay any employee bonuses, and, if so paid, the amount thereof and the manner of such payment.

9. TAX WITHHOLDING OBLIGATIONS. (a) The Company and/or any Affiliate are authorized to take whatever actions are necessary and proper to satisfy all obligations of Optionees (including, for purposes of this Section 9, any other person entitled to exercise an Option pursuant to the Plan or an Agreement) for the payment of all Federal, state, local and foreign taxes in connection with any Options (including, but not limited to, actions pursuant to the following paragraph (b) of this Section 9).

(b) Each Optionee shall (and in no event shall Stock be delivered to such Optionee with respect to an Option until), no later than the date as of which the value of the Option first becomes includible in the gross income of the Optionee for income tax purposes, pay to the Company in cash, or make arrangements satisfactory to the Company, as determined in the Committee's discretion, regarding payment to the Company of, any taxes of any kind required by law to be withheld with respect to the Stock or other

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property subject to such Option, and the Company and any Affiliate shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Optionee. Notwithstanding the above, the Committee may, in its discretion and pursuant to procedures approved by the Committee, permit the Optionee to (i) elect withholding by the Company of Stock otherwise deliverable to such Optionee pursuant to his or her Option (provided, HOWEVER, that the amount of any Stock so withheld shall not exceed the amount necessary to satisfy required Federal, state, local and foreign withholding obligations using the minimum statutory rate) and/or (ii) tender to the Company Stock owned by such Optionee (or by such Optionee and his or her spouse jointly) and acquired more than six (6) months prior to such tender in full or partial satisfaction of such tax obligations, based, in each case, on the Fair Market Value of the Stock on the payment

date as determined by the Committee.

10. CHANGES IN CAPITAL. (a) The existence of the Plan and any Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company or an Affiliate, any issue of debt, preferred or prior preference stock ahead of or affecting Stock, the authorization or issuance of additional shares of Stock, the dissolution or liquidation of the Company or its Affiliates, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding.

(b)(i) Upon changes in the outstanding Stock by reason of a stock dividend, stock split, reverse stock split, subdivision, recapitalization, reclassification, merger, consolidation (whether or not the Company is a surviving corporation), combination or exchange of shares of Stock, separation, or reorganization, or in the event of an extraordinary dividend, "spin-off," liquidation, other substantial distribution of assets of the Company or acquisition of property or stock or other change in capital of the Company, or the issuance by the Company of shares of its capital stock without receipt of full consideration therefor, or rights or securities exercisable, convertible or exchangeable for shares of such capital stock, or any similar change affecting the Company's capital structure, the aggregate number, class and kind of shares of stock available under the Plan as to which Options may be granted and the number, class and kind of shares under each outstanding Option and the exercise price per share applicable to any such Options shall be appropriately adjusted by the Committee in its discretion to preserve the benefits or potential benefits intended to be made available under the Plan or with respect to any outstanding Options or otherwise necessary to reflect any such change.

(ii) Fractional shares of Stock resulting from any adjustment in Options pursuant to Section 10(b)(i) shall be aggregated until, and eliminated at, the time of exercise of the affected Options. Notice of any adjustment shall be given by the Committee to each Optionee whose Option has been adjusted and such adjustment (whether or not such Notice is given) shall be effective and binding for all purposes of the Plan.

(c) In the event of a Change in Control:

(i) Immediately prior thereto, all outstanding Options shall be accelerated and become immediately exercisable as to all of the shares of Stock covered thereby, notwithstanding anything to the contrary in the Plan or the Agreement.

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(ii) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide, either by the terms of the Agreement applicable to any Option or by resolution adopted prior to the occurrence of the Change in Control, that any outstanding Option shall be adjusted by substituting for Stock subject to such Option stock or other securities of the surviving corporation or any successor corporation to the Company, or a parent or subsidiary thereof, or that may be issuable by another corporation that is a party to the transaction resulting in the Change in Control, whether or not such stock or other securities are publicly traded, in which event the aggregate exercise price shall remain the same and the amount of shares or other securities subject to the Option shall be the amount of shares or other securities which could have been purchased on the closing date or expiration date of such transaction with the proceeds which would have been received by the Optionee if the Option had been exercised in full (or with respect to a portion of such Option, as determined by the Committee, in its discretion) prior to such transaction or expiration date and the Optionee exchanged all of such shares in the transaction.

(iii) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide, either by the terms of the Agreement applicable to any Option or by resolution adopted prior to the occurrence of the Change in Control, that any outstanding Option shall be converted into a right to receive cash on or following the closing date or expiration date of the transaction resulting in the Change in Control

in an amount equal to the highest value of the consideration to be received in connection with such transaction for one share of Stock, or, if higher, the highest Fair Market Value of the Stock during the thirty (30) consecutive business days immediately prior to the closing date or expiration date of such transaction, less the per share exercise price of such Option, multiplied by the number of shares of Stock subject to such Option, or a portion thereof.

(iv) The Committee may, in its discretion, provide that an Option cannot be exercised after such a Change in Control, to the extent that such Option is or becomes fully exercisable on or before such Change in Control or is subject to any acceleration, adjustment or conversion in accordance with the foregoing paragraphs (i), (ii) or (iii) of this Section 10.

No Optionee shall have any right to prevent the consummation of any of the foregoing acts affecting the number of shares of Stock available to such Optionee. Any actions or determinations of the Committee under this subsection 10(c) need not be uniform as to all outstanding Options, nor treat all Optionees identically. Notwithstanding the foregoing adjustments, in no event may any Option be exercised after ten (10) years from the date it was originally granted, and any changes to ISOs pursuant to this Section 10 shall, unless the Committee determines otherwise, only be effective to the extent such adjustments or changes do not cause a "modification" (within the meaning of Section 424(h)(3) of the Code) of such ISOs or adversely affect the tax status of such ISOs.

(d) If, as a result of a Change in Control transaction, an ISO fails to qualify as an "incentive stock option," within the meaning of Section 422 of the Code, either because of the failure of the Optionee to meet the holding period requirements of Code Section 422(a)(1) (a "Disqualifying Disposition") or the exercisability of such Option is accelerated pursuant to Section 10(c)(i), or any similar provision of the applicable Agreement, in connection with such Change in Control and such acceleration causes the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which such Option, together with any other "incentive stock options," as provided in Section 6(h)(ii), are exercisable for the first time by such Optionee during

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the calendar year in which such accelerated exercisability occurs to exceed the limitations set forth in Section 6(h)(ii) (a "Disqualified Option"); or any other exercise, payment, acceleration, adjustment or conversion of an Option in connection with a Change in Control transaction results in any additional taxes imposed on an Optionee, then the Company may, in the discretion of the Committee, make a cash payment to or on behalf of the Optionee who holds any such Option equal to the amount that will, after taking into account all taxes imposed on the Disqualifying Disposition or other exercise, payment, acceleration, adjustment or conversion of the Option, as the case may be, and the receipt of such payment, leave such Optionee in the same after-tax position the Optionee would have been in had the Code Section 422(a)(1) holding period requirements been met at the time of the Disqualifying Disposition or had the Disqualified Option continued to qualify as an "incentive stock option," within the meaning of Code Section 422 on the date of such exercise or otherwise equalize the Optionee for any such taxes; PROVIDED, HOWEVER, that the amount, timing and recipients of any such payment or payments shall be subject to such terms, conditions and limitations as the Committee shall, in its discretion, determine. Without limiting the generality of the PROVISIO contained in the immediately preceding sentence, in determining the amount of any such payment or payments referred to therein, the Committee may adopt such methods and assumptions as it considers appropriate, and the Committee shall not be required to examine or take into account the individual tax liability of any Optionee.

11. MISCELLANEOUS PROVISIONS. (a) The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the issuance of shares of Stock or the payment of cash upon exercise or payment of any Option. Proceeds from the sale of shares of Stock pursuant to Options granted under the Plan shall constitute general funds of the Company.

(b) Except as otherwise provided in this paragraph (b) of Section 11 or by the Committee, an Option by its terms shall be personal and may not be sold, transferred, pledged, assigned, encumbered or otherwise alienated or hypothecated otherwise than by will or by the laws of descent and distribution and shall be exercisable during the lifetime of an Optionee only by him or her. An Agreement may permit the exercise or payment of an Optionee's Option (or any portion thereof) after his or her death by or to the beneficiary most recently named by such Optionee in a written designation thereof filed with the Company, or, in lieu of any such surviving beneficiary, as designated by the Optionee by will or by the laws of descent and distribution. In the event any Option is exercised by the executors, administrators, heirs or distributees of the estate of a deceased Optionee, or such an Optionee's beneficiary, or the transferee of an Option, in any such case pursuant to the terms and conditions of the Plan and the applicable Agreement and in accordance with such terms and conditions as may be specified from time to time by the Committee, the Company shall be under no obligation to issue Stock thereunder unless and until the Committee is satisfied that the person or persons exercising such Option is the duly appointed legal representative of the deceased Optionee's estate or the proper legatee or distributee thereof or the named beneficiary of such Optionee, or the valid transferee of such Option, as applicable.

(c) (i) If at any time the Committee shall determine, in its discretion, that the listing, registration and/or qualification of shares of Stock upon any securities exchange or under any state, Federal or foreign law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the sale or purchase of shares of Stock hereunder, no Option may be granted, exercised or paid in whole or in part unless and until such listing, registration, qualification, consent and/or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Committee.

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(ii) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Stock pursuant to an Option is or may be in the circumstances unlawful or result in the imposition of excise taxes on the Company or any Affiliate under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act, or otherwise with respect to shares of Stock or Options and the right to exercise any Option shall be suspended until, in the opinion of such counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company or any Affiliate.

(iii) Upon termination of any period of suspension under this Section 11(c), any Option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to the shares which would otherwise have become available during the period of such suspension, but no suspension shall extend the term of any Option.

(d) The Committee may require each person receiving Stock in connection with any Option under the Plan to represent and agree with the Company in writing that such person is acquiring the shares of Stock for investment without a view to the distribution thereof. The Committee, in its absolute discretion, may impose such restrictions on the ownership and transferability of the shares of Stock purchasable or otherwise receivable by any person under any Option as it deems appropriate. Any such restrictions shall be set forth in the applicable Agreement, and the certificates evidencing such shares may include any legend that the Committee deems appropriate to reflect any such restrictions.

(e) By accepting any benefit under the Plan, each Optionee and each person claiming under or through such Optionee shall be conclusively deemed to have indicated their acceptance and ratification of, and consent to, all of the terms and conditions of the Plan and any action taken under the Plan by the Committee, the Company or the Board, in any case in accordance with the terms and conditions of the Plan.

(f) The Committee may, in its discretion, extend one or more loans to Optionees who are directors, key employees or consultants of the Company or an Affiliate in connection with the exercise or receipt of an Option granted to any such individual. The terms and conditions of any such loan shall be established by the Committee.

(g) Neither the adoption of the Plan nor anything contained herein shall affect any other compensation or incentive plans or arrangements of the Company or any Affiliate (other than the Predecessor Plan, as provided in paragraph (h) of this Section 11), or prevent or limit the right of the Company or any Affiliate to establish any other forms of incentives or compensation for their directors, employees or consultants or grant or assume options or other rights otherwise than under the Plan.

(h) The Plan shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard to such state's conflict of law provisions, and, in any event, except as superseded by applicable Federal law.

(i) The words "Section," "subsection" and "paragraph" herein shall refer to provisions of the Plan, unless expressly indicated otherwise. Wherever any words are used in the Plan or any Agreement in the masculine gender they shall be construed as though they were also used in the

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feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

(j) The Company shall bear all costs and expenses incurred in administering the Plan, including expenses of issuing Stock pursuant to any Options granted hereunder.

12. LIMITS OF LIABILITY. (a) Any liability of the Company or an Affiliate to any Optionee with respect to any Option shall be based solely upon contractual obligations created by the Plan and the Agreement.

(b) None of the Company, any Affiliate, any member of the Committee or the Board or any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability, in the absence of bad faith, to any party for any action taken or not taken in connection with the Plan, except as may expressly be provided by statute.

13. LIMITATIONS APPLICABLE TO CERTAIN OPTIONS SUBJECT TO EXCHANGE ACT SECTION 16 AND CODE SECTION 162(m). Unless stated otherwise in the Agreement, notwithstanding any other provision of the Plan, any Option granted to an officer or director of the Company who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3, or any successor rule, as the same may be amended from time to time) that are requirements for the application of such exemptive rule, and the Plan and applicable Agreement shall be deemed amended to the extent necessary to conform to such limitations. Furthermore, unless stated otherwise in the Agreement, notwithstanding any other provision of the Plan, any Option granted to an employee of the Company or an Affiliate intended to qualify as "other performance-based compensation" as described in Section 162(m)(4)(C) of the Code shall be subject to any additional limitations set forth in Section 162(m) of the Code or any regulations or rulings issued thereunder (including any amendment to any of the foregoing) that are requirements for qualification as "other performance-based compensation" as described in Section 162(m)(4)(C) of the Code, and the Plan and applicable Agreement shall be deemed amended to the extent necessary to conform to such requirements.

14. AMENDMENTS AND TERMINATION. The Board may, at any time and with or without prior notice, amend, alter, suspend or terminate the Plan, retroactively or otherwise; PROVIDED, HOWEVER, unless otherwise required by law or specifically provided herein, no such amendment, alteration, suspension or termination shall be made which would impair the

previously accrued rights of any holder of an Option theretofore granted without his or her written consent, or which, without first obtaining approval of the stockholders of the Company (where such approval is necessary to satisfy (i) any applicable requirements under the Code relating to ISOs or for exemption from Section 162(m) of the Code; (ii) the then-applicable requirements of Rule 16b-3 promulgated under the Exchange Act, or any successor rule, as the same may be amended from time to time; or (iii) any other applicable law, regulation or rule), would:

(a) except as is provided in Section 10, increase the maximum number of shares of Stock which may be sold or awarded under the Plan or increase the limitations set forth in Section 6(k) on the maximum number of shares of Stock that may be subject to Options granted to an Optionee;

(b) except as is provided in Section 10, decrease the minimum option exercise price requirements of Section 6(a);

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(c) change the class of persons eligible to receive Options under the Plan; or

(d) extend the duration of the Plan or the period during which Options may be exercised under Section 6(b).

The Committee may amend the terms of any Option theretofore granted, including any Agreement, retroactively or prospectively, but no such amendment shall materially impair the previously accrued rights of any Optionee without his or her written consent.

15. DURATION. Following the adoption of the Plan by the Board, the Plan shall become effective as of the date on which it is approved by the holders of a majority of the Company's outstanding Stock which is present and voted at a meeting, or by written consent in lieu of a meeting (the "Effective Date"), which approval must occur within the period ending twelve (12) months after the date the Plan is adopted by the Board. The Plan shall terminate upon the earliest to occur of:

(a) the effective date of a resolution adopted by the Board terminating the Plan;

(b) the date all shares of Stock subject to the Plan are delivered pursuant to the Plan's provisions; or

(c) ten (10) years from the Effective Date. No Option may be granted under the Plan after the earliest to occur of the events or dates described in the foregoing paragraphs (a) through (c) of this Section 15; HOWEVER, Options theretofore granted may extend beyond such date.

No such termination of the Plan shall affect the previously accrued rights of any Optionee hereunder and all Options previously granted hereunder shall continue in force and in operation after the termination of the Plan, except as they may be otherwise terminated in accordance with the terms of the Plan or the Agreement.

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