SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

/ X / Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended 7/31/01 or

/ / Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from to

Commission file number 1-8266

DATARAM CORPORATION
____
(Exact name of registrant as specified in its charter)

New Jersey 22-1831409
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

P.O. Box 7528, Princeton, NJ 08543
____
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (609) 799-0071

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date. Common Stock ($1.00 par value): As of September 5, 2000, there were 8,538,119 shares outstanding.

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dataram Corporation and Subsidiaries
Consolidated Balance Sheets
July 31, 2001 and April 30, 2001
(Unaudited)

	July 31, 2001	April 30, 2001
Assets		
Current Assets:		
Cash and cash equivalents	$ 11,871,035	$ 10,235,321
Trade receivables, less allowance for doubtful accounts and sales returns		

of $375,000 at July 31, 2001 and $450,000 at April 30, 2001	11,369,263	17,641,248
Inventories	4,374,412	5,924,738
Other current assets	1,124,576	888,353
Total current assets	28,739,286	34,689,660
Property and equipment, at cost:		
Land	875,000	875,000
Machinery and equipment	18,193,247	17,713,735
	19,068,247	18,588,735
Less: accumulated depreciation and amortization	6,568,766	5,362,666
Net property and equipment	12,499,481	13,226,069
Other assets	396,626	365,160
Goodwill	11,144,000	11,144,000
Intangible assets, less accumulated amortization	5,559,000	5,856,000
	$ 58,338,393	$ 65,280,889
Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of obligations under capital leases	$ 978,000	$ 978,000
Current installments of long-term debt	2,000,000	2,000,000
Accounts payable	2,925,790	7,218,697
Accrued liabilities	3,820,394	3,960,495
Total current liabilities	9,724,184	14,157,192
Deferred income taxes	948,000	948,000
Long-term debt, excluding current installments	7,500,000	8,000,000
Obligations under capital leases, excluding current installments	3,820,000	4,133,000
Total liabilities	21,992,184	27,238,192
Stockholders' Equity:		
Common stock, par value $1.00 per share. Authorized 54,000,000 shares; issued and outstanding 8,538,119 at July 31, 2001 and 8,492,219 at April 30, 2001	8,538,119	8,492,219
Additional paid in capital	4,199,939	4,064,708
Retained earnings	23,610,709	25,402,770
Accumulated other comprehensive income (loss)	(2,558)	83,000
Total stockholders' equity	36,346,209	38,042,697
	$ 58,338,393	$ 65,280,889

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiaries
Consolidated Statements of Operations
Three Months Ended July 31, 2001 and 2000
(Unaudited)

	2001	2000

Revenues	$ 22,570,281	$ 37,995,812
Costs and expenses:		
Cost of sales	15,624,829	28,860,588
Engineering and development	594,182	372,021
Selling, general and administrative	6,056,119	4,345,596
Restructuring charges	1,200,000	0
Intangible asset amortization	297,000	0
	23,772,130	33,578,205
Earnings (loss) from operations	(1,201,849)	4,417,607
Interest income (expense), net	(154,513)	229,617
Earnings (loss) before income taxes	(1,356,362)	4,647,224
Income tax provision	405,000	1,768,000
Net earnings (loss)	$ (1,761,362)	$ 2,879,224
Net earnings (loss) per share of common stock		
Basic	$ (.21)	$ .34
Diluted	$ (.21)	$ .29
Weighted average number of common shares outstanding		
Basic	8,524,195	8,426,771
Diluted	8,524,195	9,958,790

See accompanying notes to consolidated financial statements.

Dataram Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Three Months Ended July 31,2001 and 2000
(Unaudited)

	2001	2000
Cash flows from operating activities:		
Net earnings (loss)	$ (1,761,362)	$ 2,879,224
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,503,100	424,800
Bad debt expense (recovery)	(59,877)	96,866
Changes in assets and liabilities:		
(Increase) decrease in trade receivables	6,331,862	(1,900,187)
(Increase) decrease in inventories	1,550,326	(1,592,582)
Increase in other current assets	(722,974)	(113,630)
Increase in other assets	(31,466)	0
Increase (decrease) in accounts payable	(4,292,907)	1,738,228
Decrease in accrued liabilities	(215,551)	(368,837)
Increase in income taxes payable	472,000	610,599
Net cash provided by operating activities	2,773,151	1,774,481

Cash flows from investing activities-

Purchase of property and equipment	(474,869)	(764,703)
Cash flows from financing activities:		
Principal payment on short-term portion of debt	(500,000)	0
Principal payments under capital lease obligations	(313,000)	0
Proceeds from sale of common shares under stock option plan (including tax benefits)	201,675	1,593,314
Purchase and subsiquent cancellation of common stock	(51,243)	0
Net cash provided by (used in) financing activities	(662,568)	1,593,314
Net increase in cash and cash equivalents	1,635,714	2,603,092
Cash and cash equivalents at beginning of period	10,235,321	13,649,601
Cash and cash equivalents at end of period	$ 11,871,035	$ 16,252,693
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 282,169	$ 32,603
Income taxes	$ 230,000	$ 250,000

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
July 31, 2001 and 2000
(Unaudited)

Basis of Presentation

The information for the three months ended July 31, 2001 and 2000, is unaudited but includes all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to state fairly the financial information set forth therein in accordance with accounting principles generally accepted in the United States of America. The interim results are not necessarily indicative of results to be expected for the full fiscal year. These financial statements should be read in conjunction with the audited financial statements for the year ended April 30, 2001 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Comprehensive Income (Loss)

Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS No. 130") requires that items defined as other comprehensive income, such as unrealized investment gains and losses and translation gains and losses, be seperately classified in the consolidated financial statements and that the accumulated balance of other comprehensive income (loss) be reported separately from retained earnings and additional paid in capital in the equity section of the consolidated balance sheet. Comprehensive loss for the three months ended July 31, 2001 was $1,847,000 compared to comprehensive income of $2,879,000 for the three months ended July 31, 2000.

Acquisition

On March 23, 2001, the Company acquired certain assets, principally including inventory, accounts receivable and equipment of Memory Card Technology A/S ("MCT"), a corporation in suspension of payments under Danish bankruptcy law. MCT designs and manufactures memory from its facility in Denmark and has sales offices in Europe, Latin America and the Pacific Rim. The Company purchased the assets from MCT for total consideration of approximately $32,006,000 of which approximately $28,581,000 was paid in cash plus the assumption of certain payables and accrued expenses, certain direct transaction cost and certain MCT employee rationalization costs all of which total approximately $3,425,000. The net assets acquired by the Company were recorded at their respective fair values under the purchase method of accounting. Accordingly, the excess of the purchase price over the fair value of identifiable net tangible and identifiable intangible assets acquired in the amount of $11,369,000 represents goodwill which includes approximately $1,100,000 which had been assigned to the value of the workforce acquired. The results of operations of MCT for the period from May 1, 2001 through July 31, 2001 have been included in the consolidated results of operations of the Company.

Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

The Company's foreign subsidiaries' functional currency is the U.S. dollar as all revenues are received in U.S. dollars and a majority of expenditures are made in U.S. dollars. The Company and its foreign subsidiaries report in U.S. dollars. For subsidiaries that maintain their accounts in currencies other than the U.S. dollar, the Company uses the current method of translation whereby the statements of operations are translated using the average exchange rate and the assets and liabilities are translated using the year end exchange rate. Foreign currency translation gains or losses are recorded as a separate component of accumulated other comprehensive income or loss. Foreign currency non-monetary assets and liabilities are translated using historical rates of exchange. Foreign currency transaction gains or losses are included in the consolidated statement of earnings.

Restructuring charges

In fiscal 2002's first quarter, the Company initiated a restructuring of its operations which resulted in a workforce reduction of approximately 25% and certain other cost efficiencies. The Company recorded a restructuring charge of $1,200,000, in the quarter ended July 31, 2001 which primarily relates to severance payments. As of July 31, 2001, the Company had paid out approximately $173,000 of the charges with the majority of the balance expected to be paid in the Company's fiscal second quarter.

Inventory valuation

Inventories are valued at the lower of cost or market, with costs determined by the first-in, first-out method. Inventories at July 31, 2001 and April 30, 2001 consist of the following categories:

	July 31, 2001	April 30, 2001
Raw material	$ 2,165,000	$ 2,841,000
Work in process	74,000	236,000
Finished goods	2,135,000	2,848,000
	$ 4,374,000	$ 5,925,000

Derivative Financial Instruments

Effective May 1, 2001, the Company adopted SFAS 133. This Statement requires the recognition of all derivative instruments as either assets or liabilities in the consolidated balance sheet, and the periodic adjustment of those instruments to fair value. The classification of gains and losses resulting from changes in the fair values of derivatives is dependent on the intended use of the derivative and its resultant designation. In an effort to limit its interest expense and cash flow exposure, the Company entered into an interest rate swap agreement on and for the duration of the Company's $10,000,000 term loan.

In accordance with the provisions in SFAS 133, the Company designated this swap as a cash flow hedge and recorded the fair value of the instruments on the balance sheet at that date, with a correspondening adjustment to comprehensive earnings. Due to the nature and characteristics of the Company's designated hedging instruments, all adjustments to the fair values of such instruments will be adjusted via comprehensive earnings. The effect of adopting SFAS 133 at May 1, 2001, and the amounts recorded related to its derivative financial instruments as of and for the three month period ended July 31, 2001, were not material to the Company's consolidated financial position and did not impact the Company's consolidated results of operations or cash flows.

New Accounting Standards

In July 2001, the FASB issued Statement No. 141, Business Combinations, and Statement No. 142, Goodwill and Other Intangible Assets. Statement 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001 as well as all purchase method business combinations completed after June 30, 2001. Statement 141 also specifies criteria intangible assets acquired in a purchase method business combination must meet to be recognized and reported apart from goodwill, noting that any purchase price allocable to an assembled workforce may not be accounted for separately. Statement 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of Statement 142. Statement 142 requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.

The Company adopted the provisions of Statement 141 upon issuance. The Company has elected to adopt the provisions of Statement 142 in its first fiscal quarter ended July 31, 2001, also as allowed by the statement.

Statement 141 requires upon adoption of Statement 142, that the Company evaluate its existing intangible assets and goodwill that were acquired in a prior purchase business combination, and to make any necessary reclassifications in order to conform with the new criteria in Statement 141 for recognition apart from goodwill. Since the Company has adopted Statement 142, the Company has reassessed, as of May 1, 2001 the useful lives and residual values of all intangible assets acquired in purchase business combinations, and did not make any amortization period adjustments. In addition, to the extent an intangible asset is identified as having an indefinite useful life, the Company tested the intangible asset for impairment in accordance with the provisions of Statement 142 in the first interim period. There was no impairment loss.

In connection with the transitional goodwill impairment evaluation, Statement 142 requires the Company to perform an assessment of whether there is an indication that goodwill is impaired as of the date of adoption. To accomplish this the Company must identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units as of the date of adoption. The Company then has up to six months from the date of adoption to determine the fair value of each reporting unit and compare it to the reporting unit's carrying amount. To the extent a reporting unit's carrying amount exceeds its fair value, an indication exists that the reporting unit's goodwill may be impaired and the Company must perform the second step of the transitional impairment test. In the second step, the Company must compare the implied fair value of the reporting unit's goodwill, determined by allocating the reporting unit's fair value to all of it assets (recognized and unrecognized) and liabilities in a manner similar to a purchase price allocation in accordance with Statement 141, to its carrying amount, both of which would be measured as of the date of adoption. This second step is required to be completed as soon as possible, but no later than the end of the year of adoption. Any transitional impairment loss will be recognized as the cumulative effect of a change in accounting principle in the Company's statement of operations. The Company is in the process of completing this task.

As of the date of adoption, the Company has unamortized goodwill in the amount of $11,144,000 and unamortized identifiable intangible assets in the amount of $5,856,000 all of which will be subject to the transition provisions of Statements 141 and 142. Amortization expense related to goodwill was $210,000 and $0 for the year ended April 30, 2001 and the three months ended July 31, 2001, respectively. Because of the extensive effort needed to comply with adopting Statement 142, it is not practicable to reasonably estimate the impact of adopting this Statement on the Company's financial statements at the date of this report, including whether any goodwill transitional impairment losses will be required to be recognized as the cumulative effect of a change in accounting principle.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities and Exchange Act of 1934, as amended. Actual results could differ materially from those projected in the forward looking statements.

Liquidity and Capital Resources

As of July 31, 2001, working capital amounted to $19.0 million reflecting a current ratio of 3.0 compared to working capital of $20.5 million and a current ratio of 2.5 as of April 30, 2001.

During fiscal 2001, the Company entered into a credit facility with its bank which provided for a $10 million term loan and a $15 million revolving credit line. The Company's prior $12 million revolving credit facility was closed. The term loan matures in March 2006 and is payable in twenty equal quarterly installments. In May 2001, the Company entered into an arrangement with its bank which fixes the interest rate of the term loan at 7.16% for the duration of the loan. The credit facility contains financial covenants as defined in the agreement which the Company was not in compliance with at July 31, 2001, but for which it has received a waiver of compliance. At July 31, 2001 the amount outstanding under the term loan was $9.5 million. At July 31, 2001 the amount available for borrowing under the revolving credit line was $15 million. Management believes that its working capital together with internally generated funds and its bank line of credit are adequate to finance the Company's operating needs and future capital requirements.

Results of Operations

Revenues for the three month period ending July 31, 2001 were $22,570,000 compared to revenues of $37,996,000 for the comparable prior year period. Revenues in this year's fiscal first quarter include $9,836,000 attributable to the operations of the Company's acquisition which was completed in March, 2001. The decrease in revenues was primarily the result of decreased average selling prices for the Company's products caused by the decline in price of Dynamic Random Access Memory (DRAM) chips, the primary raw material used in the Company's products. During the quarter ended July 31, 2001, DRAM prices declined by more than 50% from the beginning of the quarter to the end of the quarter and by approximately 90% from the first quarter of last fiscal year.

As a result of this decline, average selling prices for the Company's products in this year's first quarter have declined by approximately 75% from the comparable prior year period.

Cost of sales for the first quarter were 69% of revenues versus 76% for the same prior year period. The decrease in cost of sales as a percentage of revenues is attributable to the fact that the Company's average selling prices for its products did not decline at the same rate that its primary raw material (DRAM) costs declined.

Engineering and development costs in fiscal 2002's first quarter were $594,000 versus $372,000 for the same prior year period. Fiscal 2002's first quarter includes $135,000 of engineering and development expense incurred by the operations of the Company's acquisition. The Company intends to maintain its commitment to the timely introduction of new memory products as new workstations and computers are introduced.

Selling, general and administrative costs in fiscal 2002's first quarter increased to 27% of revenues from 11% for the same prior year period. Three month total expenditures increased by $1,711,000 from the comparable prior year period, of which approximately $2,400,000 is related to the Company's acquired operations. Prior year fiscal first quarter expenses included approximately $500,000 of variable compensation expenses, which were not incurred in fiscal 2002's first quarter.

In fiscal 2002's first quarter, the Company initiated a restructuring of its operations which resulted in a workforce reduction of approximately 25% and certain other cost efficiencies. Accordingly, in the quarter ended July 31, 2001, the Company recorded a restructuring charge of $1,200,000, which primarily relates to severance payments. As of July 31, 2001, the Company had paid out approximately $173,000 of the charges with the majority of the balance expected to be paid in the Company's fiscal second quarter. The restructuring is expected to reduce future operating expenses by approximately $4 million, annually.

Intangible asset amortization recorded in fiscal 2002's first quarter was $297,000 versus nil in fiscal 2001.

Other income (expense),net totaled ($155,000) and $230,000 for fiscal 2002 and 2001 first quarter, respectively. Other income (expense), net in fiscal 2002's first quarter consisted of interest expense of $250,000 and interest income of $95,000. Fiscal 2001's first quarter other income (expense), net of $230,000 consisted primarily of interest income on short term investments.

Income tax expense in fiscal 2002's first quarter was $405,000 versus $1,768,000 in the comparable prior year period. For fiscal 2002, income tax expense was recognized on income realized in the United States and no income tax benefit was recognized for losses incurred in international subsidiaries. Fiscal 2001's first quarter expense included only the Company's normal combined federal and state tax expense with an effective rate of approximately 38%.

Safe Harbor Statement

The information provided in this interim report may include forward-looking statements relating to future events, such as the development of new products, the commencement of production or the future financial performance of the Company. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: changes in the price of memory chips, changes in the demand for memory systems for workstations and servers, increased competition in the memory systems industry, delays in developing and commercializing new products and other factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission which can be reviewed at http://www.sec.gov.

PART II: OTHER INFORMATION

ITEM 5. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

27 (a). Press Release announcing restructuring of operations (Attached)

27 (b). Press Release reporting results of First Quarter, Fiscal Year 2002 (Attached).

B. Reports on Form 8-K

No reports on Form 8-K have been filed during the current quarter.
Two reports on Form 8-KA were filed during the current quarter.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATARAM CORPORATION

Date: September 13, 2001 By: MARK E. MADDOCKS

______________________ ____________________

Mark E. Maddocks
Vice President, Finance
(Principal Financial Officer)

DATARAM

PRESS RELEASE

Dataram Contact:	Investor Contact:
Mark Maddocks,	Joe Zappulla
Chief Financial Officer	Wall Street Investor Relations Corp.
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info@dataram.com	JZappulla@WallStreetIR.com

DATARAM RESTRUCTURES GLOBAL OPERATIONS

Measures Implemented by Company Expected to Save $4 Million Annually

PRINCETON, N.J. August 3, 2001 - Dataram Corporation (NASDAQ: DRAM) today announced that it has completed a company-wide restructuring as part of its integration strategy for its recently acquired assets of Memory Card Technology A/S. The restructuring, which resulted in a 25 percent reduction in workforce and other cost efficiencies, is expected to reduce operating expenses by approximately $4 million, annually. The Company intends to record a pre-tax charge of approximately $1.1 million or $0.11 per diluted share as a result of the restructuring.

For the first quarter ended July 31, 2001, Dataram expects to report a net loss per share in the range of $0.22 to $0.25. The projected loss attributable to the operations of the acquisition is estimated to be $0.29 per share, after restructuring charges. Revenues for the quarter are expected to be approximately $22 million compared to revenues of $25.9 million in the previous fiscal quarter.

Robert Tarantino, Dataram's chairman, president and CEO commented, "The business downturn continues to make forecasting of revenues and profits difficult in the short-term. Continued inventory right-sizing and reduced capital spending by businesses worldwide, coupled with lower selling prices resulting from declining DRAM prices has impacted our revenues and earnings. The spread of the economic slowdown into overseas markets has hurt the performance of our recent acquisition, which has caused us to accelerate our integration timetable." Mr. Tarantino continued, "The actions we have taken to streamline our Company and eliminate operational redundancies position us to better serve our customers and preserve profitability. Dataram will operate as one company, with an integrated management team, marketing its products under one company brand."

Tarantino concluded, "The cost savings our customers realize by using Dataram products becomes more critical during economically trying times. We are taking advantage of the current market conditions to expand our customer base and improve market share. Our long-term prospects remain strong, especially in light of our expanded worldwide sales capabilities and broadened product line."

Dataram expects to report its financial results for its first quarter ended July 31, 2001 and conduct a conference call on August 22. Conference call access information will be provided at a future date.

ABOUT DATARAM CORPORATION

Dataram Corporation, celebrating its 34th year in the computer industry, is a leading provider of server, workstation and PC memory. The Company offers a specialized line of gigabyte-class memory for entry- to enterprise-level servers and workstations from Compaq, HP, IBM, Intel, Silicon Graphics and Sun as well as desktop, notebook and flash memory for Acer, Apple, IBM, Dell, Compaq, Fujitsu/Siemens, and Toshiba products. Additional information is available on the Internet at www.dataram.com. The information provided in this press release may include forward-looking statements relating to future events, such as the development of new products, the commencement of production, or the future financial performance of the Company. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: changes in the price of memory chips, changes in the demand for memory systems, increased competition in the memory systems industry, delays in developing and commercializing new products and other factors described in the Company's most recent Annual Report on Form 10-K, filed with the Securities and Exchange Commission, which can be reviewed at http://www.sec.gov.

DATARAM

PRESS RELEASE

Dataram Contact: Investor Contact:
Mark Maddocks, Joe Zappulla
Chief Financial Officer Wall Street Investor Relations Corp.
609-799-0071 212-973-0883
info@dataram.com JZappulla@WallStreetIR.com

DATARAM REPORTS FIRST QUARTER FINANCIAL RESULTS

- o Company reports pro forma loss of $0.06 per share
- o Restructuring charges account for $0.11 per share of $0.21 net loss per share

PRINCETON, N.J. August 22, 2001 - Dataram Corporation (NASDAQ: DRAM) today reported its financial results for its fiscal first quarter ended July 31, 2001. Revenues for the first quarter were $22.6 million compared to $38.0 million for the first quarter of the previous fiscal year and $25.9 million for the previous sequential quarter. The Company's pro forma net loss, which excludes restructuring charges of $1.2 million and intangible asset amortization of $297,000, was $511,000 or $0.06 per share. This compares to net earnings of $2.9 million or $0.29 per diluted share for the first quarter of the previous fiscal year and pro forma net earnings of $801,000 or $0.08 per diluted share in the prior quarter. The net loss for the first quarter, inclusive of restructuring charges and intangible asset amortization, was $1.8 million or $0.21 per share.

(In 000's, except per share amounts)	First Quarter FY2002	First Quarter FY2001	Fourth Quarter FY2001
Revenues	$22,570	$37,996	$25,886
Pro forma* earnings from operations	$295	$4,418	$1,785
Pro forma* net earnings (loss)	$(511)	$2,879	$801
Net earnings (loss)	$(1,761)	$2,879	$635
Net earnings (loss) per share (diluted)	$(0.21)	$0.29	$0.07
Shares outstanding (diluted)	8,524	9,959	9,585

* Pro forma amounts exclude restructuring charges and intangible asset amortization.

During the quarter, the Company initiated a company-wide restructuring as part of its integration strategy for its recently acquired assets of Memory Card Technology A/S. The restructuring, which resulted in a 25 percent reduction in workforce and other cost efficiencies, is expected to reduce operating expenses by approximately $4 million, annually. The Company recorded a charge of $1.2 million or approximately $0.11 per share as a result of the restructuring.

Robert Tarantino, chairman and CEO, commented, "The economic slow down, coupled with lower selling prices resulting from a more than 50 percent decline in DRAM prices has impacted our revenues and earnings. The key to adapting to this current environment is to implement decisions that ensure profitability while continuing to support long term growth." Mr. Tarantino continued, "The changes we instituted during the first quarter not only provide a basis for long term growth, but position Dataram to market our products throughout the world without compromising our reputation for outstanding customer service and product quality."

The Company issued a pre-announcement of its first quarter results on

August 3 which projected a net loss in the range of $0.22-$0.25 per shares on revenues of approximately $22 million. The actual results came in slightly better than expected at a $0.21 per share loss on revenues of $22.6 million.

Mark Maddocks, Dataram's chief financial officer, commented on forward guidance, "The continued unpredictability of the economic environment and especially capital spending on information technology infrastructure, make it difficult to provide guidance at this time. We are confident that our recent actions will protect our profitability, strengthen our business and our ability to grow. We will revisit company guidance when economic developments and visibility provide a sounder base for projections."

Mr. Maddocks continued, "On July 23, 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142 (SFAS 142), Accounting for Goodwill and Other Intangible Assets. The Company adopted SFAS 142 in this year's first fiscal quarter as allowed by the statement. Adoption of SFAS 142 requires the Company to assess the carrying value of goodwill and intangible assets on its balance sheet in accordance with the new standard within twelve months of adoption of the standard. It also eliminates the requirement to amortize goodwill, which would amount to approximately $1.4 million annually. The Company expects to report, in a future period, a change in the carrying value of its goodwill and intangible assets as a result of SFAS 142."

Dataram will conduct a conference call at 11:00 a.m. (EDT) today to present its first quarter financial results and to respond to investor questions. Interested shareholders may participate in the call by dialing 800-701-4762 and providing the following reservation number: 19553830. It is recommended that participants call 10 minutes before the conference call is scheduled to begin. The conference call can also be accessed over the Internet through Vcall at www.vcall.com. A replay of the call will be available approximately one hour after the completion of the conference call through Vcall and for 24 hours by dialing 800-633-8284 and entering the reservation number listed above.

ABOUT DATARAM CORPORATION

Dataram Corporation, celebrating its 34th year in the computer industry, is a leading provider of server, workstation, desktop, notebook and flash memory. The Company offers a specialized line of gigabyte-class memory for entry- to enterprise-level servers and workstations from Compaq, HP, IBM, Intel, SGI and Sun as well as desktop, notebook and flash memory for Acer, Apple, IBM, Dell, Compaq, Fujitsu/Siemens, and Toshiba products. Additional information is available on the Internet at www.dataram.com.

Financial Tables Follow

DATARAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months ended July 31, 2001	2000
Revenues	$ 22,570	$ 37,996
Costs and expenses:		
Cost of sales	15,625	28,860
Engineering and development	594	372
Selling, general and administrative	6,056	4,346
Intangible asset amortization	297	0
Restructuring charges	1,200	0
	23,772	33,578
Earnings (loss) from operations	(1,202)	4,418

Interest income (expense), net	(154)	229
Earnings (loss) before income taxes	(1,356)	4,647
Income taxes	405	1,768
Net earnings (loss)	$ (1,761)	$ 2,879
Net earnings (loss) per share:		
Basic	$ (0.21)	$ 0.34
Diluted	$ (0.21)	$ 0.29
Average number of shares outstanding:		
Basic	8,524	8,427
Diluted	8,524	9,959

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DATARAM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	(Unaudited) July 31, 2001	April 30, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,871	$ 10,236
Trade receivables, net	11,369	17,641
Inventories	4,375	5,925
Other current assets	1,124	888
Total current assets	28,739	34,690
Property and equipment, net	12,499	13,226
Goodwill and intangible assets, net	16,703 (1)	17,000
Other assets	397	365
	$ 58,338	$ 65,281
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 2,000	$ 2,000
Current portion of capital lease obligations	978	978
Accounts payable	2,926	7,219
Accrued liabilities	3,820	3,960
Total current liabilities	9,724	14,157
Deferred income taxes	948	948
Long-term debt	7,500	8,000
Long-term capital lease obligations	3,820	4,133
Stockholders' equity	36,346	38,043
	$ 58,338	$ 65,281

(1) Prior to completion of SFAS 142 assessment.

The information provided in this press release may include forward-looking statements relating to future events, such as the development of new products, the commencement of production, or the future financial performance of the Company. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: changes in the price of memory chips, changes in the demand for memory systems, increased competition in the memory systems industry, delays in developing and commercializing new products and other factors described in the Company's most recent Annual Report on Form 10-K, filed with the Securities and Exchange Commission, which can be reviewed at http://www.sec.gov.