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 01/31/02 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 incorporation or organization) (I.R.S. Employer Identification No.)

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 March 4, 2002, there were 8,487,419 shares outstanding.

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Dataram Corporation And Subsidiaries
Consolidated Balance Sheets
January 31, 2002 and April 30, 2001
(Unaudited)

	January 31, 2002	April 30, 2001
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,838,470	$ 10,235,321
Trade receivables, less allowance		

for doubtful accounts and sales returns and allowances of $320,000 at January 31, 2002 and $450,000 at April 30, 2001	11,521,047	17,641,248
Inventories	6,567,576	5,924,738
Prepaid income taxes	558,000	0
Other current assets	1,051,659	888,353
Total current assets	22,536,752	34,689,660
Property and equipment, at cost:		
Land	875,000	875,000
Machinery and equipment	17,035,241	12,620,735
Capitialized equipment leases	0	5,093,000
	17,910,241	18,588,735
Less: accumulated depreciation and amortization	7,574,260	5,362,666
Net property and equipment	10,335,981	13,226,069
Other assets	384,626	365,160
Goodwill	11,144,000	9,957,000
Intangible assets, less accumulated amortization of $5,946,000 at January 31, 2002 and $90,000 at April 30, 2001	0	7,043,000
	$ 44,401,359	$ 65,280,889
	==========	==========
Liabilities and Stockholders' Equity		
Current liabilities:		
Current installments of obligations under capital leases	$ 0	$ 978,000
Current installments of long-term debt	0	2,000,000
Accounts payable	6,547,206	7,218,697
Accrued liabilities	1,943,121	3,945,744
Income taxes payable	0	14,751
Total current liabilities	8,490,327	14,157,192
Deferred income taxes	948,000	948,000
Long-term debt, excluding current installments	3,900,000	8,000,000
Obligations under capital leases, excluding current installments	0	4,133,000
Total liabilities	13,338,327	27,238,192
Stockholders' Equity:		
Common stock, par value $1.00 per share. Authorized 54,000,000 shares; issued and outstanding 8,453,669 at January 31, 2002 and 8,492,219 at April 30, 2001	8,453,669	8,492,219
Additional paid in capital	4,270,674	4,064,708
Retained earnings	18,546,267	25,402,770
Accumulated other comprehensive income (loss)	(207,578)	83,000
Total stockholders' equity	31,063,032	38,042,697
	$ 44,401,359	$ 65,280,889
	==========	==========

See accompanying notes to consolidated financial statements.

<TABLE>

Dataram Corporation and Subsidiaries
Consolidated Statements of Operations
Three and Nine Months Ended January 31, 2002 and 2001
(Unaudited)

<S>	2002 3rd Quarter <C>	2002 Nine Months <C>	2001 3rd Quarter <C>	2001 Nine Months <C>
Revenues	$ 19,645,752	$ 61,389,278	$ 26,828,999	$104,690,762
Costs and expenses:				
Cost of sales	12,546,709	40,223,842	19,837,798	79,453,658
Engineering and development	438,417	1,445,862	386,366	1,172,757
Selling, general and administrative	5,292,441	16,558,307	3,728,176	12,133,757
Restructuring charges	0	1,200,000	0	0
Intangible asset amortization	5,263,000	5,856,000	0	0
	23,540,567	65,284,011	23,952,340	92,760,172
Earnings (loss) from operations	(3,894,815)	(3,894,733)	2,876,659	11,930,590
Interest income	85,709	279,003	317,387	838,987
Interest expense	(613,851)	(1,104,564)	0	0
	(528,142)	(825,561)	317,387	838,987
Earnings (loss) before income taxes	(4,422,957)	(4,720,294)	3,194,046	12,769,577
Income tax provision	360,000	1,664,000	1,164,000	4,809,000
Net earnings (loss)	$ (4,782,957)	$ (6,384,294)	$ 2,030,046	$ 7,960,577
Net earnings (loss) per share of common stock				
Basic	$ (.57)	$ (.75)	$ .24	$ .94
Diluted	$ (.57)	$ (.75)	$ .21	$ .81
Weighted average number of common shares outstanding				
Basic	8,453,669	8,485,924	8,515,316	8,500,471
Diluted	8,453,669	8,484,924	9,745,422	9,842,041

See accompanying notes to consolidated financial statements.

</TABLE>

Dataram Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Nine Months Ended January 31,2002 and 2001
(Unaudited)

	2002	2001
Cash flows from operating activities:		
Net earnings (loss)	$ (6,384,294)	$ 7,960,577
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	9,174,519	1,156,167
Bad debt expense (recovery)	(104,863)	61,470
Changes in assets and liabilities:		
Decrease in trade receivables	6,225,064	3,931,787
(Increase) decrease in inventories	(642,838)	285,697
Increase in other current assets	(721,306)	(796,862)
Increase in other assets	(19,466)	(1,000)

Decrease in accounts payable	(671,491)	(4,847,362)
Decrease in accrued liabilities	(2,017,374)	(396,864)
Net cash provided by operating activities	4,837,951	7,353,610
Cash flows used in investing activities - additions to property and equipment, net	(428,431)	(2,587,105)
Cash flows from financing activities:		
Principal payments of term loan	(10,000,000)	0
Borrowings under revolving line of credit	3,900,000	0
Principal payments of capital lease obligations	(5,111,000)	0
Proceeds from sale of common shares under stock option plan, including tax benefits	345,183	3,434,301
Purchase and subsequent cancellation of common stock	(649,976)	(1,027,724)
Net cash provided by (used in) financing activities	(11,515,793)	2,406,577
Effect of foreign currency translation on cash and cash equivalents	(290,578)	0
Net increase (decrease) in cash and cash equivalents	(7,396,851)	7,173,082
Cash and cash equivalents at beginning of year	10,235,321	13,649,601
Cash and cash equivalents at end of period	$ 2,838,470	$ 20,822,683
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 1,104,564	$ 32,603
Income taxes	$ 1,640,000	$ 2,055,000

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
January 31, 2002 and 2001
(Unaudited)

Basis of Presentation

The information at January 31, 2002 and for the three and nine months ended January 31, 2002 and 2001, 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 conjuction 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 foreign currency 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 and nine months ended January 31, 2002 was $4,743,000 and $6,675,000, respectively. Comprehensive income for the prior year three and nine months ended January 31, 2001 was $2,030,000 and $7,961,000, respectively.

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 designed and manufactured memory from its facility in Denmark and had 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 $11,144,000 represents goodwill which, as of January 31, 2002, includes approximately $1,100,000 which had been assigned to the workforce acquired (See New Accounting Standards). The results of operations of MCT for the period from May 1, 2001 through January 31, 2002 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 earnings are translated using the average exchange rate and the assets and liabilities are translated using the period 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. For the three and nine month periods ended January 31, 2002 and 2001, the Company had no foreign currency transaction gains or losses.

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%. 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 January 31, 2002, the Company had paid out approximately $1,002,000 of the charges with the majority of the balance expected to be paid within the next six months.

Inventory valuation

Inventories are valued at the lower of cost or market, with costs determined by the first-in, first-out method. Inventories at January 31, 2002 and April 30, 2001 consist of the following categories:

	January 31, 2002	April 30, 2001
Raw material	$ 4,037,000	$ 2,841,000
Work in process	376,000	236,000
Finished goods	2,155,000	2,848,000
	$ 6,568,000	$ 5,925,000

Financial information by geographic location

The Company operates in one business segment and develops, manufactures and markets a variety of memory systems for use with servers, workstations, desktop and notebook computers which are manufactured by various companies. Revenues for the three and nine month periods ended January 31, 2002 by geographic region is as follows:

	Three months ended January 31, 2002	Nine months ended January 31, 2002
United States	$ 10,310,000	$ 31,035,000
Europe	7,023,000	18,982,000
Other (prinicipally Asia Pacific)	2,313,000	11,372,000
Consolidated	$ 19,646,000	$ 61,389,000

Long-lived assets (which consist of property and equipment, and goodwill) and total assets by geographic region as of January 31, 2002 is as follows:

	Long-lived assets	Total assets
United States	$ 5,651,000	$ 16,964,000
Europe	15,610,000	24,138,000
Other	219,000	3,299,000
Consolidated	$ 21,480,000	$ 44,401,000

Long-term Debt

On April 16, 2001 the Company entered into a $10,000,000 term note ("term note") and a $15,000,000 revolving credit line ("credit line") with a commercial bank (together, referred to as the "credit facility"). On January 21, 2002 the Company amended and restated its credit facility. The credit facility contains financial covenants as defined in the agreement which the Company was in compliance with at January 31, 2002. The term note was due in twenty quarterly installments of $500,000 until March 31, 2006. The Company repaid the term loan in its entirety in January, 2002. As of January 31, 2002, the amount borrowed under the revolving credit line is $3,900,000 and $11,100,000 remains available for borrowing.

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 variable rate term loan. The swap agreement fixed the interest rate at 7.16% for the entire loan balance and for the entire loan term, which had approximately. 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 (loss). In January, 2002, the Company repaid its term loan and terminated its interest rate swap agreement. The early termination of the interest rate swap agreement result in a charge of approximately $259,000 which was recorded as interest expense in the consolidated statements of operations for the three and nine month periods ended January 31, 2002.

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 will require 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 will also require 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, 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 to the new criteria in Statement 141 for recognition apart from goodwill. Effective May 1, 2001, approximately $1.2 million assigned to the value of the MCT workforce has been reclassified to 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 or carrying value adjustments. In addition, to the extent an intangible asset is identified as having an indefinite useful life, the Company is required to test the intangible asset for impairment in accordance with the provisions of Statement 142 in the first interim period. There are no indefinite life intangible assets.

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 earnings. The Company has completed this task in its second quarter ended October 31, 2001 and concluded that the estimated fair value of its acquired business (MCT),which is the reporting unit as defined by Statement 142, as of May 1, 2001, exceeded its carrying amount and therefore no indication of an impairment of the goodwill on the MCT transaction existed upon the adoption of the statement.

As of May 1, 2001, the date of adoption, the Company had unamortized goodwill in the amount of $11,144,000 and unamortized identifiable intangible assets (acquired customer base) in the amount of $5,856,000, which was subject to the transition provisions of Statements 141 and 142. Amortization expense related to goodwill (including value assigned to the workforce) was $255,000 for the year ended April 30, 2001. The Company's diluted earnings per share for fiscal 2001 would have been $0.90 per share versus $0.88 per share as previously reported, had this amortization expense not been reported. There was no goodwill amortization expense in the three and nine months ended January 31, 2001 as the Company's acquisition was not consumated until March 2001. Accordingly, the adoption of this Statement does not require a proforma net income calculation for those prior three and nine month periods. The Company evaluated the carrying value of both its intangible assets and goodwill as of May 1, 2001 and concluded that such assets had not been impaired. The Company has previously stated that due to the pressure on the Company's worldwide operations caused by continued economic weakness and its associated impact on capital spending coupled with the overall decline in pricing for DRAMs and its associated impact on the Company's selling prices that it would be required to perform another impairment analysis for both the intangible assets and the acquired goodwill. That analysis was performed in the third quarter ended January 31, 2002. The Company evaluated the carrying value of goodwill as of January 31, 2002 and concluded that the asset had not been impaired. The Company also evaluated the carrying value of its intangible assets (acquired customer base) and concluded that it was in fact impaired. The Company's integration activities have included: narrowing its combined product offerings to certain strategic platforms; redefining its targeted customer base; and directing the efforts of its acquired sales force to sell memory products only for those identified platforms through the targeted customer base. As a result, the Company's customer base has changed and the future cash flows expected to be generated by the acquired customer base, as it existed at the date of acquisition no longer supported any carrying value for those assets. Accordingly, the Company has fully amortized its intangible assets in the fiscal quarter ended January 31, 2002.

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.

Results of Operations

In fiscal 2002's first quarter, the Company initiated a restructuring of its operations, which resulted in a workforce reduction of approximately 25%. Accordingly, in the quarter ended July 31, 2001, the Company recorded a restructuring charge of $1,200,000, which primarily related to severance payments. As of January 31, 2002, the Company had paid out approximately $1,002,000 of the charges with the balance expected to be paid in the Company's current fiscal year. The restructuring is expected to reduce operating expenses by approximately $4 million annually.

Revenues for the three month period ending January 31, 2002 were $19,646,000 compared to revenues of $26,829,000 for the comparable prior year period. Fiscal 2002 nine month revenues totaled $61,389,000 versus nine month revenues of $104,691,000 for the prior fiscal year. Revenues in this year's

fiscal third quarter include $8,306,000 attributable to the operations of the Company's acquisition, which was completed in March 2001. Nine month revenues attributable to the Company's acquired operations were $25,977,000. 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. Additionally, the worldwide economic slowdown has unfavorable impacted volume. DRAM prices for the current years fiscal third quarter compared to last years fiscal third quarter decreased by approximately 75%. Towards the end of the third quarter DRAM prices began to increase. This trend has continued into the beginning of the Company's fiscal fourth quarter. Management expects that it will be able to increase the selling prices for its products accordingly.

Cost of sales for the third quarter and nine months of fiscal 2002 were 64% and 65% of revenues, respectively versus 74% and 76% for the same prior year periods. 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 third quarter and nine months were $438,000 and $1,446,000, respectively, versus $386,000 and $1,173,000 for the same prior year periods. 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 third quarter and nine months increased to 27% of revenues for the three and nine months of fiscal 2002 from 14% and 12%, respectively for the same prior year periods. The percentage is significantly higher in fiscal 2002 due to the lower revenue reported. Three and nine month total expenditures increased by $1,564,000 and $4,424,000 from the comparable prior year periods. This is primarily a result of additional expenses associated with the acquisition of MCT, which was consummated in March, 2001. Current year expenses include the expense of the combined companies and prior comparable periods expenses includes only preacquisition selling, general and administrative expense.

Intangible asset amortization recorded in fiscal 2002's third quarter and nine month was $5,263,000 and $5,856,000, respectively versus nil for the same periods in fiscal 2001 as the Company's acquisition was not consummated until March 2001. The Company has previously stated that due to the pressure on the Company's worldwide operations caused by continued economic weakness and its associated impact on capital spending coupled with the overall decline in pricing for DRAMs and its associated impact on the Company's selling prices that it would be required to perform an impairment analysis for its intangible assets and acquired goodwill. That analysis was performed in the third quarter ended January 31, 2002. The Company evaluated the carrying value of goodwill as of January 31, 2002 and concluded that the asset had not been impaired. The Company also evaluated the carrying value of its intangible assets (acquired customer base) and concluded that it was in fact impaired. The Company's integration activities have included: narrowing its combined product offerings to certain strategic platforms; redefining its targeted customer base; and directing the efforts of its acquired sales force to sell memory products only for those identified platforms through the targeted customer base. As a result, the Company's customer base has changed and the future cash flows expected to be generated by the acquired customer base, as it existed at the date of acquisition no longer supported any carrying value for those assets. Accordingly, the Company has fully amortized its intangible assets in the fiscal quarter ended January 31, 2002.

Other income (expense), net for the third quarter and nine months of fiscal 2002 totaled ($528,000) and ($825,000), respectively versus $317,000 and $839,000 for the same periods in fiscal 2001. Other income (expense), net for fiscal 2002's three and nine months consisted of interest expense of $614,000 and $1,104,000 offset by interest income of $86,000 and $279,000. In fiscal 2002's third quarter, the Company elected to prepay fully its term debt and capital lease obligations. The Company also terminated its interest rate swap agreement. Approximately $259,000 of the current quarter and year to date interest expense relates to the early termination of the swap agreement. Additionally the Company incurred an incremental interest charge during the third quarter of approximately $141,000 for early payment of its capital lease obligations. Fiscal 2001's three and nine months other income(expense), net

consisted primarily of interest income on short-term investments.

Income tax expense for the three and nine months ended January 31, 2002 was $360,000 and $1,664,000, respectively versus $1,164,000 and $4,809,000 in the comparable prior year periods. For the current fiscal year, income tax expense was recognized on income realized in the United States at our expected full year effective rate and no income tax benefit was recognized for losses incurred in international subsidiaries due to the uncertainty regarding their realization. The prior year's three and nine month expense included only the Company's normal combined United States federal and state tax expense with an effective rate of approximately 38%.

Liquidity and Capital Resources

As of January 31, 2002, working capital amounted to $14.0 million reflecting a current ratio of 2.7 compared to working capital of $20.5 million and a current ratio of 2.5 as of April 30, 2001.

The Company's trade receivables balance has declined by $6,225,000, from the beginning of the fiscal year. This is primarily the result of the declining revenue levels previously discussed. The Company turns its receivables at approximately the same rate regardless of its revenue level. Therefore, this asset can be expected to expand or contract in a manner that corresponds with revenue changes.

The Company's capital expenditures this fiscal year to date total $990,000. Management expects that capital expenditures for the remainder of the fiscal year to be at similar levels.

During this year's second fiscal quarter the Company purchased and retired 91,250 shares of its common stock at a total price of $599,000 under its existing open market repurchase authorization. As of January 31, 2002, the total number of shares remaining available for purchase under the current authorization is 203,450 shares.

During the third quarter ended January 31, 2002, the Company prepaid the outstanding capital lease obligations of $5,093,000 resulting in a $141,000 interest charge.

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 $10 million term loan was repaid during this year's fiscal third quarter ended January 31, 2002. In January, 2002 the Company amended and restated its credit facility with its bank. The agreement contains certain restrictive covenants with which the Company was in compliance with at January 31, 2002. As of January 31, 2002, 3.9 million was outstanding on the $15 million revolving credit line and $11.1 million was available for borrowing. Management believes that the Company's operating cash flows and availability under borrowings will be sufficient to meet short term liquidity needs as the Company does not expect any unforeseen demands beyond general operating requirements for cash. Management further believes that its working capital together with internally generated funds from its operations and its bank line of credit are adequate to finance the Company's long term operating needs and future capital requirements.

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

4 (a). Amendment to Credit Agreement (Attached).

27 (a). Press Release reporting results of Third Quarter, Fiscal Year 2002 (Attached).

B. Reports on Form 8-K

No reports on Form 8-K have been 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

March 8, 2002 MARK E. MADDOCKS
Date: ____________________ By: _______________________
Mark E. Maddocks
Vice President, Finance
(Principal Financial Officer)

AMENDMENT TO CREDIT AGREEMENT

This AMENDMENT ("Amendment") dated as of January 21, 2002 is by and between FIRST UNION NATIONAL BANK, a national banking association with a place of business at 190 River Road, Summit, New Jersey 07901 (the "Bank") and Dataram Corporation, a New Jersey corporation having its chief executive office at 186 Princeton Road, West Windsor, New Jersey 08550 (the "Borrower")

W I T N E S S E T H:

WHEREAS, the Borrower and Bank are parties to a certain Credit Agreement dated as of April 16, 2001 (the "Credit Agreement") and certain other Loan Documents executed and delivered in connection therewith; and

WHEREAS, the Borrower has requested certain modifications to certain covenants and a reduction of certain of the interest rates set forth in the Credit Agreement; and

WHEREAS, Bank is agreeable to the requests of the Borrower on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

1. Defined Terms; Effect of Amendment.

(a) Unless otherwise modified hereby, all capitalized terms used herein which are defined in the Credit Agreement, and not otherwise defined herein, are used herein as defined in the Credit Agreement. All capitalized terms used herein which are defined in the Credit Agreement and modified herein shall have the meaning assigned to such terms in the Credit Agreement as so modified.

(b) This Amendment is an amendment to the Credit Agreement. Unless the context of this Amendment otherwise requires, the Credit Agreement and this Amendment shall be read together and shall have effect as if the provisions of the Credit Agreement and this Amendment were contained in one agreement. After the effective date of this Amendment, all references in the Credit Agreement to the "Credit Agreement", "this Agreement", "hereto", "hereof', "hereunder" or words of like import referring to the Credit Agreement shall mean the Credit Agreement as amended by this Amendment, and all references in the Notes and the other Loan Documents to the Credit Agreement shall mean the Credit Agreement as amended by this Amendment.

2. Amendments to Credit Agreement.

(a) The definition of "Consolidated Net Earnings Available for Fixed Charges" in Section 1. of the Credit Agreement shall be amended and restated in its entirety to read as follows:

"Consolidated Net Earning Available for Fixed Charges" means for the Four Quarter Period immediately preceding the date of determination, the amount by which (a) the sum of (i) Consolidated Net Earnings plus (ii) Consolidated Interest Charges (to the extent deducted in determining Consolidated Net Earnings), plus (iii) depreciation and amortization charges (to the extent deducted in determining Consolidated Net Earnings) plus (iv) all non-cash charges (to the extent deducted in determining Consolidated Net Earnings), exceeds (b) the sum of (i) Capital Expenditures of the Borrower and Subsidiaries and (ii) dividends or other distributions paid on the Borrower's capital stock in cash or property, and other amounts paid in connection with any purchase, redemption, retirement or other acquisition of any capital stock of the Borrower by the Borrower or any Subsidiary, net of cash proceeds realized from the sale of stock of the Borrower under its stock option plans.

(b) There shall be added a new clause (E) to the end of the definition of Permitted Liens in Section 1.1 of the Credit Agreement, that will read as follows:

"and (E) any Lien on the specific assets acquired with the proceeds of the Debt permitted to be under Section 5.4 (A) (iii) solely for the purpose of securing said Debt."

(c) The reference in Section 2.l(D)(1)(b) to "one and three quarters percent (1.75%)" shall be amended to read: "one and one quarter percent (1.25%)".

(d) Inasmuch as upon the effectiveness of this Amendment the Term Loan shall be paid in full, Section 2.2 of the Credit Agreement shall be deleted and replaced with the following reference:

"2.2 [INTENTIONALLY DELETED]"

(e) Section 5.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"5.1 LOANS, ADVANCES AND INVESTMENTS

The Borrower will not, and will not permit any Subsidiary to, make any loan or advance to, or investment in, any Person except for (A) loans, advances or investments by any Subsidiary to or in the Borrower; (B) loans, advances or investments by the Borrower to or in any Subsidiary made in any fiscal year of the Borrower which do not exceed, individually or in the aggregate, the greater of $3,000,000 or 50% of Excess Cash Flow for such fiscal year; (C) other loans, advances or investments which, in the aggregate do not exceed $100,000 (measured on a consolidated basis as to the Borrower

and Subsidiaries); and provided further that at the time of any loan, advance or investment permitted under clauses (A), (B) or (C) above no Default or Event of Default exists or would result from the making of such loan, advance or investment."

(f) Section 5.2(A) of the Credit Agreement is hereby deleted in its entirety, and shall be replaced with the following reference:

"(A) [INTENTIONALLY DELETED]"

(g) Section 5.2(B) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(B) Fixed Charge Coverage Ratio. The Borrower will not permit the ratio, expressed as a percentage, of Consolidated Net Earnings Available for Fixed Charges to Consolidated Fixed Charges at any time to be less than 125 percent for the immediately preceding Four Quarter Period."

(h) Section 5.2(D) of the Credit Agreement is hereby deleted and replaced with the following new covenant:

"(D) Total Liabilities to Tangible Net Worth Ratio. The Borrower shall, at all times, maintain a ratio of Consolidated Total Debt to Consolidated Tangible Net Worth of not more than 1.50 to 1.00. For purposes of calculating the covenant above, the amount of any Debt that is subordinate to the Obligations on terms and conditions approved by the Bank, in its sole discretion, shall be subtracted from Consolidated Total Debt."

(i) Clause (A) Section 5.4 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(A) The Borrower will not, and will not permit any Subsidiary to, create, assume or suffer to exist any Debt (including any Contingent Obligations) except for (i) Debt owed by the Borrower to any Subsidiary, or by any Subsidiary to the Borrower or another Subsidiary, (ii) existing debt set forth on Schedule 5.4 annexed hereto, and (iii) Debt in an amount not to exceed $2,000,000 incurred solely to finance the acquisition of new equipment to be used in the business of the Borrower and any Subsidiary, whether such acquisition is through a purchase money loan or a Capitalized Lease transaction."

(j) The reference to "with a copy to:" and the address that follows said reference below the Bank's address in Section 8.10 of the Credit Agreement is hereby deleted in its entirety.

3. Full Force and Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Credit Agreement shall continue in full force and effect, and all parties hereto shall be entitled to the benefits thereof. This Amendment is limited as written and shall not be deemed (i) to be an amendment of or a consent under or waiver of any other term or condition of the Credit Agreement or (ii) to prejudice any right or rights which Bank now has or may have in the future under or in connection with the Credit Agreement or such other agreements.

4. Representations and Warranties. In order to induce Bank to enter into this Amendment, the Borrower makes the following representations and warranties to the Bank, which shall survive the execution and delivery hereof;

(i) The execution and delivery of this Amendment has been authorized by all necessary corporate action on its part, this Amendment has been duly executed and delivered by it, and this Amendment and the Credit Agreement, as amended hereby, constitutes the legal, valid and binding obligations of it enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, moratorium laws from time to time in effect and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

(ii) No Default or Event of Default has occurred and is continuing under the Credit Agreement; and

(iii) The representations and warranties set forth in the Credit Agreement and the other Loan Documents are true and correct as of the date hereof in all material respects.

5. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all which when taken together shall constitute one and the same agreement.

6. Governing Law. This Amendment, including the validity thereof and the rights and obligations of the parties hereunder, shall be construed in accordance with and governed by the laws of the State of New Jersey.

7. Conditions Precedent. This Amendment shall not be effective until (i) the Bank shall have received counterparts of this Amendment, duly executed by each of the parties hereto, (ii) the Borrower shall pay in full the existing Term Loan (at which time the Term Note shall be promptly returned to the Borrower marked "Paid in Full"), (iii) Borrower shall terminate interest rate swap transaction effected with the Bank in connection with the Term Loan, and pay all costs associated with termination, and (iv) Borrower shall have paid all reasonable fees and expenses of the Bank's counsel incurred in connection with the preparation, negotiation, execution and delivery and review of this Amendment.

8. Release of Mortgage Upon Effectiveness. Upon the satisfaction of each of the conditions set forth in Section 7 above, the Bank shall execute and deliver to the Borrower a discharge of the Mortgage and the Assignment of Leases, together with any other instruments a release that the Borrower may reasonably request in connection with said discharge, and said execution and delivery shall constitute the Bank's authorization to record said discharge and other instruments in any relevant office of public records to effectuate said discharge.

9. Landlord Waivers. The Borrower shall use its best good faith

efforts to furnish to the Bank each of the remaining outstanding landlord waivers with respect to certain of its leased properties in the form provided by the Bank on or about the time of the closing of the Credit Agreement.

10. Payment of Certain Capitalized Lease Obligations. Attached hereto is a schedule which identifies certain Capitalized Leases of the Borrower. On or before February 15, 2002, the Borrower shall pay in full all of its obligations thereunder, including, without limitation, all of its Capitalized Rentals thereunder, to cause said leases to be terminated and the title to the property leased thereunder to revert (or otherwise to be conveyed) to the Borrower.

11. Execution Certification. The parties hereto certified that this Amendment was executed and delivered in the State of New Jersey.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the day and year first above written.

Borrower:

WITNESS OR ATTEST DATARAM CORPORATION

ANTHONY LOUGEE MARK MADDOCKS
By: ______________________________ By: ____________________________
Name: Anthony Lougee Name: Mark Maddocks
Title: Controller Title: Vice-President Finance

Bank:

FIRST UNION NATIONAL BANK,

By: ____________________________
Name:
Title:

THIS AMENDMENT IS ACKNOWLEDGED
AND CONSENTED TO:

WITNESS OR ATTEST DATARAM ACQUISITION SUBSIDIARY, INC.,
as Guarantor

ANTHONY LOUGEE MARK MADDOCKS
By: ______________________________ By: ____________________________
Name: Anthony Lougee Name: Mark Maddocks
Title: Controller Title: Vice-President Finance

SCHEDULE OF CAPITALIZED LEASES TO BE PAID IN FULL

Lease contract no. 606552 dated April 29, 1999
Lessor: Nordea Finans Denmark
Leased Equipment: Three (3) Fuji production lines and One (1) Advantest Tester.

DATARAM

PRESS RELEASE

Dataram Contact:	Investor Contact:
Mark Maddocks,	Joe Zappulla
Chief Financial Officer	Wall Street Investor Relations Corp.
609-799-0071	212-714-2445
info@dataram.com	JZappulla@WallStreetIR.com

DATARAM REPORTS THIRD QUARTER FINANCIAL RESULTS

- o Generates $0.09 proforma earnings per share
- o Prepays $9.8 million of debt

PRINCETON, N.J. February 20, 2002 -- Dataram Corporation NASDAQ: DRAM) today reported its financial results for its fiscal third quarter ended January 31, 2002. Revenues for the third quarter were $19.6 million compared to $19.2 million in the prior fiscal quarter and $26.8 million for the third quarter of the previous fiscal year. The Company's proforma net earnings, which excludes one-time charges totaling approximately $5.7 million for intangible asset amortization and interest expense associated with early debt retirement, was $880,000 or $0.09 per diluted share. This compares to proforma net earnings of $456,000 or $0.05 per diluted share in the prior quarter and net earnings of $2.0 million or $0.21 per diluted share for the third quarter of the previous fiscal year. After one-time charges, the current year's third quarter net loss was $4.8 million or $0.57 per share.

During this year's third quarter, the Company prepaid its term loan and capital lease obligations, incurring approximately $400,000 in incremental interest expense associated with the prepayment. This action is expected to result in a reduction of future net interest expense of approximately $600,000 annually.

Also, consistent with its previous statements, the Company conducted an evaluation of its goodwill and intangible assets in the third quarter of this fiscal year. The evaluation of the carrying value of the Company's goodwill resulted in no change to that value. The evaluation of intangible assets has resulted in a one-time non-cash charge of approximately $5.3 million. As a result, the Company will no longer incur future intangible asset amortization charges, which amounted to approximately $1.4 million, annually.

<TABLE>

(In 000's, except per share amounts)	Second Quarter	Third Quarter		Nine Months	
	FY2002	FY2002	FY2001	FY2002*	FY2001
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	$19,173	$19,646	$26,829	$61,389	$104,691
Proforma net earnings (loss)	$456	$880	$2,030	$(128)	$7,961
Proforma EPS	$0.05	$0.09	$0.21	$(0.02)	$0.81
Proforma shares outstanding	9,291	9,334	9,745	8,486	9,842
Amortization of intangible assets	$296	$5,263	--	$5,856	--
Interest expense on debt prepayment	--	$400	--	$400	--
Net earnings (loss)	$160	$(4,783)	$2,030	$(6,384)	$7,961
EPS	$0.02	$(0.57)	$0.21	$(0.75)	$0.81
Shares outstanding	9,291	8,454	9,745	8,486	9,842

* Includes restructuring charges of $1.2 million

</TABLE>

Mark Maddocks, Dataram's chief financial officer, commented, "The current

low interest rate environment provided an opportunity to significantly reduce our cost of capital. Using cash on hand and $3.9 million of our $15.0 million revolving credit line, we retired our term debt and capital lease obligations, which totaled $13.7 million. While we incurred extra interest expense this quarter as a result of the prepayment, the payback period is short and the Company will benefit from significantly lower interest charges in the future. Our balance sheet remains strong and we have the liquidity and capital resources in place to finance our future operating and capital needs."

Mr. Maddocks continued, "We stated in prior quarters that we anticipated the requirement to perform an evaluation of the carrying value of our goodwill and intangible assets. We conducted the analysis this quarter and concluded that no adjustment was necessary to the carrying value of our goodwill. The Company's intangible assets consisted of the carrying value of our fiscal 2001 acquisition's customer base as it existed on the date of acquisition. As a result of our integration activities, the customer base has changed and the future cash flows expected to be generated by the

acquired customer base as it existed at the date of acquisition no longer supports a carrying value for those assets. Accordingly, we have fully amortized those assets this fiscal quarter."

Robert Tarantino, Dataram's chairman and CEO stated, "The value in our Company lies in our ability to utilize our expanded sales team to market plug compatible workstation and server memory as well as in utilizing our manufacturing expertise and assets to service the memory needs of new and existing OEM customers. We are pleased with the integration of our worldwide sales team, product offering and manufacturing assets and we are on target for our international operations to be accretive to earnings in the current fourth quarter. While we believe, given the current economic environment, domestic customers will continue to be conservative with their near term capital spending on information technology, we remain confident in Dataram's ability grow profitably as the economy recovers."

Dataram will conduct a conference call at 4:15 p.m. (EST) today to present its third quarter financial results and to respond to investor questions. Interested shareholders may participate in the call by dialing 800-205-6214 and providing the following reservation number: 20350743. 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 35th year in the computer industry, is a leading provider of computer memory. The Company offers a specialized line of gigabyte-class memory for entry- to enterprise-level servers, workstations and notebooks from Compaq, Dell, Fujitsu/Siemens, HP, IBM, Intel, SGI, Sun and Toshiba. 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		Nine Months Ended	
	1/31/2002	1/31/2001	1/31/2002	1/31/2001
Revenues	$ 19,646	$ 26,829	$ 61,389	$ 104,691
Costs and expenses:				
Cost of sales	12,547	19,838	40,224	79,453

Engineering and development	438	386	1,446	1,173
Selling, general and administrative	5,293	3,728	16,558	12,134
Intangible asset amortization	5,263	0	5,856	0
Restructuring charges	0	0	1,200	0
	23,541	23,952	65,284	92,760
Earnings (loss) from operations	(3,895)	2,877	(3,895)	11,931
Interest income (expense), net	(528)	317	(825)	839
Earnings (loss) before income taxes	(4,423)	3,194	(4,720)	12,770
Income taxes	360	1,164	1,664	4,809
Net earnings (loss)	$ (4,783)	$ 2,030	$ (6,384)	$ 7,961
Net earnings (loss) per share:				
Basic	$ (0.57)	$ .24	$ (.75)	$ .94
Diluted	$ (0.57)	$ .21	$ (.75)	$ .81
Average number of shares outstanding:				
Basic	8,454	8,515	8,486	8,500
Diluted	8,454	9,745	8,486	9,842

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

	(Unaudited) January 31, 2002	April 30, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,838	$ 10,236
Trade receivables, net	11,521	17,641
Inventories	6,568	5,925
Other current assets	1,610	888
Total current assets	22,537	34,690
Property and equipment, net	10,336	13,226
Goodwill	11,144	9,957
Intangible assets, net	0	7,043
Other assets	385	365
	$ 44,401	$ 65,281
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 0	$ 2,000
Current portion of capital lease obligations	0	978
Accounts payable	6,547	7,219
Accrued liabilities	1,943	3,960
Total current liabilities	8,490	14,157
Deferred income taxes	948	948
Long-term debt	3,900	8,000
Long-term capital lease obligations	0	4,133

Stockholders' equity	31,063	38,043	44,401	65,281

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.