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 10/31/02 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

Indicate by check mark whether registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act).

Yes No X

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 November 30, 2002, there were 8,530,319 shares outstanding.

## PART 1. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

Dataram Corporation and Subsidiaries
Consolidated Balance Sheets
October 31, 2002 and April 30, 2002
(Unaudited)

| | October 31, 2002 | April 30, 2002 |
|---|---|---|
| Assets | | |

| | | |
|---|---|---|
| Current Assets: | | |
| Cash and cash equivalents | $ 2,591,373 | $ 3,656,150 |
| Trade receivables, less allowance for doubtful accounts and sales returns of $320,000 | 6,881,280 | 11,477,098 |
| Inventories | 3,400,343 | 5,435,069 |
| Income tax receivable | 730,000 | 700,000 |
| Other current assets | 757,524 | 531,680 |
| Total current assets | 14,360,520 | 21,799,997 |
| Property and equipment, at cost: | | |
| Land (held for sale) | 875,000 | 875,000 |
| Machinery and equipment | 17,368,200 | 17,150,925 |
| | 18,243,200 | 18,025,925 |
| Less: accumulated depreciation and amortization | 10,783,051 | 8,816,049 |
| Net property and equipment | 7,460,149 | 9,209,876 |
| Other assets | 442,626 | 407,626 |
| Goodwill | 11,144,000 | 11,144,000 |
| | $ 33,407,295 | $ 42,561,499 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | $ 2,517,924 | $ 6,598,601 |
| Accrued liabilities | 1,599,045 | 1,688,119 |
| Total current liabilities | 4,116,969 | 8,286,720 |
| Deferred income taxes | 646,000 | 647,000 |
| Long-term debt | 500,000 | 3,800,000 |
| Total liabilities | 5,262,969 | 12,733,720 |
| Stockholders' Equity: | | |
| Common stock, par value $1.00 per share. Authorized 54,000,000 shares; issued and outstanding 8,530,319 at October 31, 2002 8,493,819 at April 30, 2002 | 8,530,319 | 8,493,819 |
| Additional paid in capital | 4,597,718 | 4,405,296 |
| Retained earnings | 14,531,510 | 16,829,242 |
| Accumulated other comprehensive income- foreign currency translation adjustment | 484,779 | 99,422 |
| Total stockholders' equity | 28,144,326 | 29,827,779 |
| | $ 33,407,295 | $ 42,561,499 |

See accompanying notes to consolidated financial statements.

<TABLE>

Dataram Corporation and Subsidiary
Consolidated Statements of Earnings
Three and Six Months Ended October 31, 2002 and 2001

(Unaudited)

| | 2002 | | 2001 | |
|---|---|---|---|---|
| | 2nd Quarter | Six Months | 2nd Quarter | Six Months |

| <S> | <C> | <C> | <C> | <C> |
|---|---|---|---|---|
| Revenues | $ 13,970,422 | $ 28,251,500 | $ 19,173,245 | $ 41,743,526 |
| Costs and expenses: | | | | |
| Cost of sales | 9,770,315 | 20,509,833 | 12,052,304 | 27,677,133 |
| Engineering and development | 400,293 | 781,501 | 413,263 | 1,007,445 |
| Selling, general and administrative | 4,269,290 | 8,806,290 | 5,209,747 | 11,265,866 |
| Restructuring charges | 0 | 740,000 | 0 | 1,200,000 |
| Intangible asset amortization | 0 | 0 | 296,000 | 593,000 |
| | 14,439,898 | 30,837,624 | 17,971,314 | 41,743,444 |
| Earnings (loss) from operations | (469,476) | (2,586,124) | 1,201,931 | 82 |
| Interest income | 9,000 | 21,000 | 97,638 | 193,294 |
| Interest expense | (18,945) | (74,821) | (240,544) | (490,713) |
| Income (loss) before income taxes | (479,421) | (2,639,945) | 1,509,025 | (297,337) |
| Income tax provision (benefit) | (226,000) | (564,000) | 899,000 | 1,304,000 |
| Net income (loss) | $ (253,421) | $ (2,075,945) | $ 160,025 | $ (1,601,337) |
| Net earnings (loss) per share of common stock | | | | |
| Basic | $ (.03) | $ (.24) | $ .02 | $ (.19) |
| Diluted | $ (.03) | $ (.24) | $ .02 | $ (.19) |
| Weighted average number of common shares outstanding | | | | |
| Basic | 8,504,191 | 8,493,665 | 8,479,908 | 8,502,051 |
| Diluted | 8,504,191 | 8,493,665 | 9,291,317 | 8,502,051 |

See accompanying notes to consolidated financial statements.

</TABLE>

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

| | 2002 | 2001 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net loss | $ (2,075,945) | $ (1,601,337) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,004,002 | 2,827,200 |
| Bad debt expense | 78,237 | 2,079 |
| Changes in assets and liabilities: | | |
| Decrease in trade receivables | 4,517,581 | 8,266,679 |
| Decrease in inventories | 2,034,726 | 2,553,245 |
| Increase in other current assets | (301,844) | (499,449) |
| Increase in income tax receivable | (30,000) | 0 |
| Increase in other assets | (35,000) | (43,466) |
| Decrease in accounts payable | (4,080,677) | (3,540,559) |
| Decrease in accrued liabilities | (89,074) | (1,186,668) |
| Decrease in deferred income taxes | 75,000 | 438,000 |

| | | |
|---|---|---|
| Net cash provided by operating activities | 2,097,006 | 7,215,724 |
| Cash flows from investing activities: | | |
| Additions to property and equipment, net | (254,275) | (868,814) |
| Proceeds from sale of property and equipment | 0 | 190,000 |
| Net cash used in investing activities | (254,275) | (678,814) |
| Cash flows from financing activities: | | |
| Payments under revolving credit line | (3,300,000) | 0 |
| Principal payments on short-term Portion of debt | 0 | (1,000,000) |
| Principal payments under capital lease obligations | 0 | (406,000) |
| Proceeds from sale of common shares under stock option plan, (including tax benefits) | 403,375 | 206,939 |
| Purchase and subsequent cancellation of common stock | (396,240) | (598,733) |
| Net cash used in financing activities | (3,292,865) | (1,797,794) |
| Effect of foreign currency translation on cash and cash equivalents | 385,357 | 31,422 |
| Net increase (decrease) in cash and cash equivalents | (1,064,777) | 4,770,538 |
| Cash and cash equivalents at beginning of period | 3,656,150 | 10,235,321 |
| Cash and cash equivalents at end of period | $ 2,591,373 | $ 15,005,859 |

Supplemental disclosures of cash flow information:

| | | |
|---|---|---|
| Cash paid during the period for: | | |
| Interest | $ 74,821 | $ 490,713 |
| Income taxes | $ 64,000 | $ 805,000 |

See accompanying notes to consolidated financial statements.

## Notes to Consolidated Financial Statements
October 31, 2002 and 2001

(Unaudited)

### Basis of Presentation

The information for the three and six months ended October 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 conjunction with the audited financial statements for the year ended April 30, 2002 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 and six months ended October 31, 2002 was ($248,000) and ($1,691,000) respectively. Comprehensive loss for the three and six months ended October 31, 2001 was ($85,000) and ($1,932,000), respectively.

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 the majority of 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 translation gains or losses are included in the consolidated statement of earnings. For the three and six month periods ended October 31, 2002 and 2001,the Company had no foreign currency transaction gains or losses.

Restructuring charges

In fiscal 2003's first quarter, the Company initiated a restructuring of its operations, which resulted in a workforce reduction of approximately 24% and certain other cost efficiencies. The Company recorded a restructuring charge of $740,000, in the quarter ended July 31, 2002, which primarily relates to severance payments. As of October 31, 2002, the Company had paid out approximately $524,000 of the charges with the majority of the balance expected to be paid in the Company's current fiscal year.

Also, in the first quarter of the prior fiscal year, 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 related to severance payments. All of the payments associated with the restructuring have been paid.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash, money market preferred stock and commercial paper with original maturities of three months or less.

Inventory valuation

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

| | October 31, 2002 | April 30, 2002 |
|---|---|---|
| Raw material | $ 1,911,000 | $ 3,118,000 |
| Work in process | 205,000 | 182,000 |
| Finished goods | 1,284,000 | 2,135,000 |
| | $ 3,400,000 | $ 5,435,000 |

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 six month periods ended October 31, 2002 and 2001 by geographic region is as follows:

| | Three months ended October 31, 2002 | Six months ended October 31, 2002 |
|---|---|---|
| United States | $ 7,978,000 | $ 17,055,000 |
| Europe | 3,865,000 | 7,815,000 |
| Other (prinicipally Asia Pacific Region) | 2,127,000 | 3,381,000 |
| Consolidated | $ 13,970,000 | $ 28,251,000 |

| | Three months ended October 31, 2001 | Six months ended October 31, 2001 |
|---|---|---|
| United States | $ 9,925,000 | $ 20,725,000 |
| Europe | 5,005,000 | 11,960,000 |
| Other (prinicipally Asia Pacific Region) | 4,243,000 | 9,059,000 |
| Consolidated | $ 19,173,000 | $ 41,744,000 |

Long-lived assets (which consist of property and equipment, and goodwill) and total assets by geographic region as of October 31, 2002 and 2001 is as follows:

| | October 31, 2002 Long-lived assets | Total assets |
|---|---|---|
| United States | $ 4,509,000 | $ 12,438,000 |
| Europe | 14,017,000 | 19,667,000 |
| Other | 78,000 | 1,302,000 |
| Consolidated | $ 18,604,000 | $ 33,407,000 |

| | October 31, 2001 Long-lived assets | Total assets |
|---|---|---|
| United States | $ 5,729,000 | $ 20,181,000 |
| Europe | 21,923,000 | 35,652,000 |
| Other | 180,000 | 1,545,000 |
| Consolidated | $ 27,832,000 | $ 57,378,000 |

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"). The credit facility contains financial covenants as defined in the agreement, which were amended in January 2002 and which the Company was in compliance with at October 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 October 31, 2002, the amount borrowed under the revolving credit line was $500,000. The Company repaid the $500,000 of borrowings on Novemebr 4, 2002 and $15,000,000 remains available for borrowing. The revolving credit line is scheduled to expire in April 2004.

Significant Accounting Pronouncements

In June 2001, the FASB issued SFAS No. 143, "Accounting for Retirement Obligations" (SFAS 143). SFAS 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation and its associated asset retirement cost. It also provides accounting guidance for legal obligations associated with the retirement of tangible long-lived assets. SFAS 143 is effective for fiscal years beginning after June 15, 2002, with early adoption permitted. The Company currently is evaluating the provisions of SFAS 143, but expects that the provisions will not have a material impact on its operations and financial position upon adoption.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144). SFAS 144 supersedes SFAS 121, but retains its fundamental provisions for the (a) recognition and measurement of impairment of long-lived assets to be held and used, and (b) measurement of long-lived assets to be disposed of by sale. SFAS 144 also supersedes the accounting / reporting provisions of APB No. 30 for segments of a business to be disposed of, but retains the requirement to report discontinued operations separately from continuing operations and extends that reporting to a component of an entity that either has been disposed of or is classified as held for sale. SFAS 144 became effective for us on May 1, 2002. The adoption of this statement did not have a material impact on our consolidated financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections" (SFAS 145). SFAS 145 updates, clarifies and simplifies existing accounting pronouncements. SFAS 145 rescinds Statement No.4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result, the criteria in APB No. 30 will now be used to classify those gains and losses because Statement No. 4 has been rescinded. Statement No. 44 was issued to establish accounting requirements for the effects of transition to provisions of the Motor Carrier Act of 1980. Because the transition has been completed, Statement No. 44 is no longer necessary.

SFAS 145 amends Statement No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions be accounted for in the same manner as sale-leaseback transactions. This amendment is consistent with FASB's goal of requiring similar accounting treatment for transactions that have similar economic effects. SFAS 145 also makes technical corrections to existing pronouncements. While those corrections are not substantive in nature, in some instances, they may change accounting practice. The Company adopted SFAS 145 effective May 1, 2002. The adoption of SFAS 145 did not have a material impact on our consolidated financial statements.

In July 2002, the Financial Accounting Standards Board issued SFAS no. 146, Accounting for Costs Associated with Exit or Disposal Activities ("FAS 146"). FAS 146 reconsiders all of the guidance contained in EITF 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). FAS 146 applies to costs associated with (a) certain termination benefits (so-called one-time termination benefits), (b) costs to terminate a contract that is not a capital lease, and (c) other associated costs including costs to consolidate facilities or relocate employees. FAS 146, which may be adopted early, is effective for exit and disposal activities initiated after December 31, 2002. The Company is currently evaluating FAS 146 and is unable, at this time, to determine the impact, if any, that might exist as a result of adopting this standard.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash and cash equivalents in financial institutions and brokerage accounts. To the extent that such deposits exceed the maximum insurance levels, they are uninsured. The Company performs ongoing evaluations of its customers' financial condition, as well as general economic conditions and, generally, requires no collateral from its customers.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, 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.

Liquidity and Capital Resources

The Company's cash and working capital position remain strong. As of October 31, 2002, cash and equivalents amounted to $2.6 million and working capital amounted to $10.1 million, reflecting a current ratio of 3.5 compared to cash and equivalents of $3.7 million and working capital of $13.5 million and a current ratio of 2.6 as of April 30, 2002.

During the quarter ended October 31, 2002, the Company purchased and retired 84,900 shares of its common stock under its existing open market repurchase plan at a total cost of $256,000. During the first quarter of fiscal year 2003 the Company purchased and retired 38,600 shares at a cost of $140,000. As of October 31, 2002, the total number of remaining shares authorized for purchase under the program is 74,250 shares. On December 4, 2002, the Company announced that its Board of Directors authorized an additional 500,000 share repurchase program. Management expects that the Company will continue to repurchase shares in fiscal 2003.

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 October 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 October 31, 2002, the amount borrowed under the revolving credit line was $500,000. The Company repaid the $500,000 on Novemebr 4, 2002 and $15,000,000 remains available for borrowing. The revolving credit line is scheduled to expire in April 2004. Management believes that the Company's operating cash flows and availability under borrowings will be sufficient to meet short term liquidity needs including contractual obligations 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.

On July 29, 2002, the Company entered into an agreement to sell its undeveloped land for a price of $3.0 million. The agreement provides for closing to occur no later than 30 months from the date of the contract. Additionally, the agreement is subject to certain contingencies and as such may be terminated prior to closing. The land is carried at cost on the Company's balance sheet at a value of $875,000 and is shown as an asset held for sale. The resulting gain on the sale will be recorded upon consumation of the transaction and when all contingencies have been satisfied.

Future minimum lease payments under noncancellable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2002 are as follows:

| Year ending April 30: | Operating leases |
|---|---|
| 2003 | $ 1,312 |
| 2004 | 1,108 |
| 2005 | 1,127 |
| 2006 | 1,113 |
| 2007 | 855 |
| Therafter | 2,214 |
| Total minimum lease payments | $ 7,729 |

The Company has no other material commitments.

Results of Operations

Revenues for the three month period ending October 31, 2002 were $13,970,000 compared to revenues of $19,173,000 for the comparable prior year period. Fiscal 2003 six month revenues totaled $28,252,000 versus six month revenues of $41,744,000 in the prior year. The decrease in revenues was the result of decreased demand for our memory products, driven by the economic slow down. Volume measured as gigabytes shipped decreased 29% for the second quarter of fiscal 2003 as compared to the same prior year quarter. Six month volume decreased 42% in fiscal 2003 as compared to the same prior year period. There was also a decrease in average selling prices caused by the decline in price of Dynamic Random Access Memory (DRAM) chips, the primary raw material used in the Company's product. As a result of this decline, average selling prices for the Company's products in this year's first six months have declined by approximately 5% from the comparable prior year period, which has unfavorably impacted revenues.

Cost of sales for the second quarter and six months were 70% and 73% of revenues, respectively versus 63% and 66% for the same prior year periods. The increase in cost of sales as a percentage of revenues is primarily the result of manufacturing capacity that is not being fully utilized, therefore all fixed cost are not being absorbed at current production levels.

Engineering and development costs in fiscal 2003's second quarter and six months were $400,000 and $782,000, respectively, versus $413,000 and $1,007,000 for the same prior year periods. The decrease in expense is primarily attributable to the reduced number of employees as a result of the restructurings. The Company intends to maintain its commitment to the timely introduction of new memory products as new computers are introduced.

Selling, general and administrative costs in fiscal 2003's second quarter and six months increased to 31% of revenues from 27% for the same prior year periods. Second quarter and six month total expenditures decreased by $940,000 and $2,460,000 from the comparable prior year periods. The reduction of total expenses is mainly the result of the aforementioned reduction in workforce. The majority of selling, general and administrative costs are fixed, therefore as revenue decreases the percent to revenue of these cost increases.

In fiscal 2002's first quarter and again in fiscal 2003's first quarter, the Company initiated restructurings of its operations which resulted in workforce reductions of approximately 25% and 24%, respectively as well as certain other cost efficiencies. The Company recorded a restructuring charge of $740,000 in the quarter ended July 31, 2002, which primarily relates to severance payments. As of October 31, 2002, the Company had paid out approximately $524,000 of the charges with the majority of the balance expected to be paid in the Company's current fiscal year. In fiscal 2002's first quarter, the Company recorded a restructuring charge of $1,200,000, which primarily related to severance payments. All of the payments associated with that restructuring have been paid.

Intangible asset amortization recorded in fiscal 2003's first and second quarter was nil versus $297,000 and $296,000, respectively. The Company conducted an evaluation of its intangible assets in the third quarter of fiscal 2002. The evaluation resulted in a one-time charge of $5,300,000, which reduced the carrying value of its intangible assets to zero.

Other income (expense), net for the second quarter and six months totaled ($9,000) and ($54,000) for fiscal 2003 and ($143,000) and ($297,000) for the same periods in fiscal 2002. Other income (expense), net in fiscal 2003's three and six months consisted of interest expense of ($18,000) and ($75,000) offset by interest income of $9,000 and $21,000. Fiscal 2002's three and six months consisted of interest expense of ($241,000) and ($491,000) offset by interest income of $98,000 and $193,000. Interest expense has decreased due to the reduction of debt.

Income tax expense (benefit) for the three and six months ended October 31, 2002 was ($226,000) and ($564,000), respectively versus $899,000 and $1,304,000 in the comparable prior year periods. In both fiscal years, income tax expense (benefit) was recognized in the United States at an effective rate of 38%. No tax benefit has been recognized on losses incurred in international subsidiaries.

Critical Accounting Policies

The Company's accounting policies are described in Note 1 to the notes to the April 30, 2002 Consolidated Financial Statements filed on the Company's most recent Form 10-K and there have been no material changes to such policies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company does not invest in market risk sensitive instruments. The Company's investments during the past fiscal year have consisted of overnight deposits with banks. The Company's rate of return on its investment portfolio changes with short-term interest rates, although such changes will not effect the value of its portfolio. The Company's objectives in connection with its investment strategy is to maintain the security of its cash reserves without taking market risk with principal.

The Company purchases and sells primarily in U.S. dollars. The Company sells in foreign currency to a limited number of customers and as such incurs some foreign currency risk. At any given time, approximately 15 to 20 percent of the Company's accounts receivable are denominated in currencies other than U.S. dollars. The Company also incurs expenses in these same currencies, primarily payroll and facilities costs which hedge these assets. At present, the Company does not purchase forward contracts as hedging instruments, but intends to do so as circumstances warrant.

ITEM 4. CONTROLS AND PROCEDURES

During the period covered by this interim report, the Company's chief executive officer and its chief financial officer have evaluated the effectiveness of the Company's internal controls and procedures and the Company's disclosure controls and procedures and have determined that they are adequate to insure a fair presentation, in all material respects, of the financial position, results of operations and statements of cash flows of the Company and there have been no material changes to such controls and procedures.

PART II: OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On September 18, 2002 the Company held its Annual Meeting of Shareholders. The Company solicited proxies pursuant to Regulation 14 under the Securities Exchange Act of 1934, as amended. The matters voted upon were the election of directors and the ratification of the selection of KPMG, LLP as the independent certified public accountant of the Company fo the fiscal year ending April 30, 2003. The results of the voting were:

On the vote for directors:

| Nominee | For | Withheld |
|---|---|---|
| Tarrantino | 7,408,073 | 120,967 |
| Holzman | 7,449,673 | 79,367 |
| Majewski | 7,484,363 | 44,677 |
| Riley | 7,480,577 | 48,463 |
| Cady | 7,483,382 | 45,658 |

On the vote for ratification of the selection of accountants:

| For | Against | Abstain |
|---|---|---|
| 7,442,148 | 68,953 | 17,939 |

ITEM 5. OTHER INFORMATION

After the close of the quarter, the Board of Directors authorized the repurchase of an additional 500,000 shares of common stock as described in the attached press release.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

27 (a). Press Release reporting results of Second Quarter, Fiscal Year 2003 (Attached).

27 (b). Press Release announcing Open Market Stock Repurchase Plan.

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

MARK E. MADDOCKS

Date: December 10, 2002 By: ___________________________

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

CERTIFICATIONS

I, Robert Tarantino, certify that:
1. I have reviewed this quarterly report on Form 10-Q of Dataram Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 10, 2002

ROBERT TARANTINO
________________________
Robert Tarantino
President and Chief Executive Officer

I, Mark Maddocks, certify that:
1. I have reviewed this quarterly report on Form 10-Q of Dataram Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: December 10, 2002

MARK MADDOCKS
_______________________
Mark Maddocks
Vice President, Finance


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DATARAM

PRESS RELEASE

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DATARAM REPORTS SECOND QUARTER FINANCIAL RESULTS

Company Pays Off Long-Term Debt and Continues
Open Market Share Repurchases

PRINCETON, N.J. November 20, 2002 - Dataram Corporation (NASDAQ: DRAM) today reported its financial results for its second quarter of fiscal 2003 ended October 31, 2002. Revenues for the second quarter were $14.0 million compared to $14.3 million for the previous sequential quarter and $19.2 million for the same period of the prior year. The Company reported a net loss of $253,000 or $0.03 per share for the second quarter compared to a loss of $1.8 million, or $0.21 per share in the prior sequential quarter, which includes restructuring charges of $740,000, and net earnings of $160,000 or $0.02 per share in the second quarter of last fiscal year.

| (In 000's, except per share amounts) | First Quarter | Second Quarter | | Six Months | |
|---|---|---|---|---|---|
| | FY 2003 | FY2003 | FY2002 | FY2003 | FY2002 |
| Revenues | $ 14,282 | $ 13,970 | $ 19,173 | $ 28,252 | $ 41,744 |
| Net earnings (loss) | (1,823) | (253) | 160 | (2,076) | (1,601) |
| Net earnings (loss) per share | (0.21) | (0.03) | 0.02 | (0.24) | (0.19) |
| Diluted shares outstanding | 8,483 | 8,504 | 9,291 | 8,494 | 8,502 |

Mark Maddocks, Dataram's CFO stated, "Our free cash flow significantly exceeds our earnings. Non-cash depreciation and amortization charges for the second quarter and first six months of this fiscal year totaled approximately $1.0 million and $2.0 million, respectively, versus capital expenditures of approximately $125,000 and $250,000, respectively, for the same periods. These levels of non-cash charges and capital expenditures and their impact on free cash flow are representative of expected future levels for the remainder of this fiscal year."

Robert Tarantino, Dataram's president and CEO, added, "During the quarter, we improved our financial condition by paying down $1.0 million in long-term debt. Shortly after the end of the quarter, we paid off an additional $500,000 and we are now debt free. Also, the Company has continued to participate in the market for its shares, purchasing 84,900 shares of its common stock in the quarter at a total price of $256,000 as part of its open market repurchase program. The company will continue to repurchase its shares during its fiscal third quarter."

Mr. Tarantino concluded, "During the last two years, we have successfully weathered a terrible market, especially for companies in the technology space. During that time, we have taken the steps necessary to align our cost structure with the realities of the market environment, while still preserving our key capabilities. In spite of the difficult environment, we have been cash flow positive throughout that period. We feel that the worst of the market downturn is behind us and that the changes we have made will allow us to grow profitably from here. We expect our earnings to be approximately break even in the current quarter and to return to profitability no later than the fourth quarter of this fiscal year."

Dataram will conduct a conference call at 11:00 a.m. (EST) today to present its second quarter financial results and to respond to investor questions. Interested shareholders may participate in the call by dialing 888-214-7566 and providing the following reservation number: 21041357. 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 or 402-977-9140 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 10/31/2002 | Three Months Ended 10/31/2001 | Six Months Ended 10/31/2002 | Six Months Ended 10/31/2001 |
|---|---|---|---|---|
| Revenues | $ 13,970 | $ 19,173 | $ 28,252 | $ 41,744 |
| Costs and expenses: | | | | |
| Cost of sales | 9,770 | 12,052 | 20,510 | 27,677 |
| Engineering and development | 400 | 413 | 782 | 1,008 |
| Selling, general and administrative | 4,269 | 5,210 | 8,806 | 11,266 |
| Intangible asset amortization | 0 | 296 | 0 | 593 |
| Restructuring charges | 0 | 0 | 740 | 1,200 |
| | 14,439 | 17,971 | 30,838 | 41,744 |
| Earnings (loss) from operations | (469) | 1,202 | (2,586) | 0 |
| Interest income (expense), net | (10) | (143) | (54) | (297) |
| Earnings (loss) before income taxes | (479) | 1,059 | (2,640) | (297) |
| Income tax provision (benefit) | (226) | 899 | (564) | 1,304 |
| Net earnings (loss) | $ (253) | $ 160 | $ (2,076) | $ (1,601) |
| Net earnings (loss) per share: | | | | |
| Basic | $ (.03) | $ .02 | $ (.24) | $ (.19) |
| Diluted | $ (.03) | $ .02 | $ (.24) | $ (.19) |
| Average number of shares outstanding: | | | | |
| Basic | 8,504 | 8,480 | 8,494 | 8,502 |

| | | | | |
|---|---|---|---|---|
| Diluted | 8,504 | 9,291 | 8,494 | 8,502 |

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

| | (Unaudited) October 31, 2002 | April 30, 2002 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 2,591 | $ 3,656 |
| Trade receivables, net | 6,881 | 12,177 |
| Inventories | 3,400 | 5,435 |
| Other current assets | 1,488 | 532 |
| Total current assets | 14,360 | 21,800 |
| Property and equipment, net | 7,460 | 9,210 |
| Goodwill | 11,144 | 11,144 |
| Other assets | 443 | 408 |
| | $ 33,407 | $ 42,562 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 2,518 | 6,600 |
| Accrued liabilities | 1,599 | 1,687 |
| Total current liabilities | 4,117 | 8,287 |
| Deferred income taxes | 646 | 647 |
| Long-term debt | 500 | 3,800 |
| Stockholders' equity | 28,144 | 29,828 |
| | $ 33,407 | $ 42,562 |

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

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## Dataram's Board of Directors Approves New 500,000 Share Repurchase Program

PRINCETON, N.J. December 4, 2002 - Dataram Corporation (NASDAQ: DRAM)

Robert V. Tarantino, president and chief executive officer, announced today that its Board of Directors has approved a new Open Market Repurchase Program. The total number of shares authorized for purchase under the plan is 500,000 shares. The shares may be repurchased from time to time either on the Nasdaq National Market or through block purchases. In addition to the new authorization, there are approximately 60,000 shares remaining authorized for purchase from the Company's previously existing share repurchase authorization. The total number of shares of common stock outstanding as of October 31, 2002 was 8,530,319. Tarantino stated the Board of Directors' belief, given the current trading prices of Dataram Common Stock, that such repurchases would be of long term benefit to the remaining shareholders of the Corporation.

## 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 Dell, Fujitsu/Siemens, HP/COMPAQ, IBM, Intel, SGI, Sun and Toshiba. Additional information is available on the Internet at www.dataram.com.