

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One) FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended April 30, 2005.

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 of Incorporation) (I.R.S. Employer Identification No.)

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

(Address of principal executive offices) (Zip Code)

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

Securities registered pursuant to section 12(b) of the Act: NONE

Securities registered pursuant to section 12(g) of the Act:

Common Stock, \$1.00 Par Value

(Title of Class)

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether registrant is an accelerated filer (as defined by Rule 12b-2 of the Act). Yes No

The aggregate market value of the Common Stock held by non-affiliates of the registrant calculated on the basis of the closing price as of the last business day of the registrant's most recently completed second quarter, October 29, 2004, was \$52,775,096.

The number of shares of Common Stock outstanding on July 22, 2005 was 8,396,671 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Definitive Proxy Statement for Annual Meeting of Shareholders to be held on September 13, 2005 (the "Definitive Proxy Statement") to be filed within 120 days of the end of the fiscal year.

(2) 2005 Annual Report to Security Holders

DATARAM CORPORATION
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PART I

Item 1. BUSINESS

(a) General Development of Business.

Dataram is a developer, manufacturer and marketer of large capacity

memory products primarily used in high performance network servers and workstations. The Company provides customized memory solutions for original equipment manufacturers ("OEMs") and compatible memory for computers manufactured by Sun Microsystems, Inc. ("Sun"), Hewlett-Packard Company ("HP"), International Business Machines Corporation ("IBM"), Silicon Graphics, Inc. ("SGI"), and Dell Corporation ("Dell"). The Company also manufactures a line of memory products for Intel motherboard based servers for sale to OEMs and channel assemblers.

The Company's memory products are sold worldwide to original equipment manufacturers, distributors, value-added resellers and end users. The Company has a manufacturing facility in the United States with sales offices in the United States, Europe and Japan. The Company competes with several other large independent memory manufacturers as well as the OEM's mentioned above. The primary raw material used in producing memory boards is dynamic random access memory ("DRAM") chips. The purchase cost of DRAM chips typically represents approximately 75% of the total cost of a finished memory board. Consequently, average selling prices for computer memory boards are significantly dependent on the pricing and availability of DRAM chips.

Revenues for fiscal 2005 were \$65.7 million compared to \$62.0 million in fiscal 2004. The growth in revenue came primarily from sales to OEMs, which accounted for approximately 50% of revenue in fiscal 2005, compared to approximately 36% in fiscal 2004. Revenues from the sale of memory for the compatibles market declined by approximately 18% in fiscal 2005 from fiscal 2004. This reduction is primarily attributable to reduced sales volume of the Company's products for Intel motherboard based servers sold to channel assemblers. This market has become extremely price sensitive and the Company has chosen not to compete for certain customers' business in this market. Overall volume as measured by gigabytes shipped increased by approximately 8% in fiscal 2005 from fiscal 2004. Average selling price per gigabyte declined by approximately 2% in fiscal 2005 compared to the prior year.

Dataram was incorporated in New Jersey in 1967 and made its initial public offering in 1968. Its common stock, \$1 par value (the "Common Stock") was listed for trading on the American Stock Exchange in 1981. In 2000 the Company changed its listing to the NASDAQ National Market where its stock trades under the symbol "DRAM." The Company's principal executive office is located at 186 Princeton Road (Route 571), West Windsor, New Jersey 08550, its telephone number is (609) 799-0071, its fax is (609) 799-6734 and its website is located at <http://www.dataram.com>. Proxy Statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and all amendments thereto are either available on this website or links to where those documents can be obtained free of charge are available on this website.

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RISK FACTORS

WE MAY HAVE TO SUBSTANTIALLY INCREASE OUR WORKING CAPITAL REQUIREMENTS IN THE EVENT OF DRAM ALLOCATIONS. Over the past 20 years, availability of DRAMs has swung back and forth from oversupply to shortage. In times of shortage, we have been forced to invest substantial working capital resources in building and maintaining inventory. At such times we have bought DRAMs in excess of its customers' needs in order to ensure future allocations from DRAM manufacturers. We believe that the market for DRAMs is presently out of balance and there is an oversupply of DRAMs, but there can be no assurance that conditions of shortage may not prevail in the future. In the event of a shortage, we may not be able to obtain sufficient DRAMs to meet customers' needs in the short term, and we may have to invest substantial working capital resources in order to meet long term customer needs.

WE COULD SUFFER LOSSES IF DRAM PRICES DECLINE SUBSTANTIALLY. We are at times required to maintain substantial inventories during periods of shortage and allocation. Thereafter, during periods of increasing availability of DRAM and rapidly declining prices, we have been forced to write down inventory. At the present time, the market is one of oversupply, and we seek to maintain a minimum inventory while meeting the needs of customers. But there can be no assurance that we will not suffer losses in the future based

upon high inventories and declining DRAM prices.

OUR MEMORY PRODUCTS MAY VIOLATE OTHERS' PATENTS. Certain of our memory products are designed to be used with proprietary computer systems built by various OEM manufacturers. We often have to comply with the OEM's proprietary memory designs which may be patented, now or at some time in the future. OEMs have, at times, claimed that we have violated their patent rights by adapting our computer memory products to meet the requirements of their systems. It is our policy to, in unclear cases, either obtain an opinion of patent counsel prior to marketing, or obtain a license from the patent holder. We are presently licensed by Sun Microsystems and Silicon Graphics to sell memory products for certain of their products. However, there can be no assurance that memory designs will not be created in the future which will, in fact, be patented and which patent holders will require the payment of substantial royalties as a condition for our continued presence in the segment of the market covered by the patent or they may not give us a license. Nor can there be any assurance that our existing products do not violate one or more existing patents.

WE MAY LOSE AN IMPORTANT CUSTOMER. During fiscal 2005, one customer, SGI, accounted for approximately 33% of the Company's revenue and the largest ten customers accounted for approximately 61% of the Company's revenue. There can be no assurance that one or more of these customers will cease or materially decrease their business with the Company in the future and that our financial performance will not be adversely affected thereby.

WE MAY DISCONTINUE PAYING DIVIDENDS. On May 31, 2005, the Company announced that it would pay a dividend in the amount of \$0.05 a share, payable June 29, 2005 and we expressed our intention to continue to pay that dividend each quarter into the future. However, our ability to continue paying dividends in this or any other amount is dependent upon our continued ability to generate profits and positive cash flow. While a failure to produce profits and positive cash flow in any particular quarter may not result in the Company discontinuing paying dividends, a succession of quarterly declines in earnings and cash flow could result in the Board of Directors taking that step. Our statement of intention that we will continue to pay dividends each quarter is not a guarantee.

SALES DIRECTLY TO OEM'S CAN MAKE OUR REVENUES, EARNINGS, BACKLOG AND INVENTORY LEVELS UNEVEN. A greater proportion of our revenues now are derived from sales to OEM's. Revenue and earnings from these sales may become uneven as order sizes are typically large and often a completed order cannot be shipped until released by the OEM, e.g., to meet a "just in time" inventory requirement. This may occur at or near the end of an accounting period. In such case, revenues and earnings could decline for the period and inventory and backlog could increase.

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WE FACE COMPETITION FROM OEMs. In the compatibles market we sell our products at a lower price than OEMs. Customers will often pay some premium for the "name brand" product when buying additional memory and OEMs seek to exploit this tendency by having a high profit margin on memory products. However, individual OEMs can change their policy and price memory products competitively. While we believe that with our manufacturing efficiency and low overhead we still would be able to compete favorably with OEMs, in such an event profit margins and earnings would be adversely affected. Also, OEM's can choose to use "free memory" as a promotional device in which case our ability to compete is severely impaired.

WE FACE COMPETITION FROM DRAM MANUFACTURERS. DRAM manufacturers not only sell their product as discreet devices, but also as finished memory modules. They primarily sell these modules directly to OEMs and large distributors and as such compete with us on a limited basis. There can be no assurance that DRAM manufacturers will not continue to expand their market and customer base. In such a case, they would become a more direct competitor to the Company and our profit margins and earnings could be adversely affected.

THE MARKET FOR OUR PRODUCTS MAY NARROW OVER TIME. The principal market for our memory products is the manufacturers, buyers and owners of workstations and enterprise servers, classes of machines lying between large

mainframe computers and personal computers. Personal computers are increasing in their power and sophistication and, as a result, are now filling some of the computational needs traditionally filled by workstations. The competition for the supply of after-market memory products in the PC industry is very competitive and to the extent we compete in this market we can be expected to have lower profit margins. There can be no assurance that this trend will not continue in the future, and that our financial performance will not be adversely affected.

A PORTION OF OUR OPERATIONS ARE DESIGNED TO MEET THE NEEDS OF THE VERY COMPETITIVE INTEL PROCESSOR-BASED MOTHERBOARD MARKET. In addition to selling server memory systems, we develop, manufacture and market a variety of memory products for motherboards that are Intel processor based. Many of these products are sold to OEMs and incorporated into computers and other equipment. This is an intensely competitive market with high volumes but lower margins.

WE MAY MAKE UNPROFITABLE ACQUISITIONS. While the Company is not currently engaged in discussions which could lead to an acquisition, the possibility exists that an acquisition will be made at some time in the future. Uncertainty surrounds all acquisitions and it is possible that a particular acquisition may not result in a benefit to shareholders, particularly in the short term.

WE MAY BE ADVERSELY AFFECTED BY EXCHANGE RATE FLUCTUATIONS. A portion of our accounts receivable and a portion of our expenses are denominated in foreign currencies. These proportions change over time. As a result, the Company's revenues and expenses may be adversely affected, from time to time, by changes in the relationship of the dollar to various foreign currencies on foreign exchange markets. The Company does not currently hedge its foreign currency risks.

OUR STOCK HAS LIMITED LIQUIDITY. Although our stock is publicly traded, it has been observed that this market is "thin." As a result, the Common Stock may trade at a discount to what would be its value if the stock enjoyed greater liquidity.

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WE ARE SUBJECT TO THE NEW JERSEY SHAREHOLDERS PROTECTION ACT. This statute has the effect of prohibiting any "business combination" - a very broadly defined term - with any "interested shareholder" unless the transaction is approved by the Board of Directors at a time before the interested shareholder had acquired a 10% ownership interest. This prohibition of "business combinations" is for five years after the shareholder became an "interested shareholder" and continues after that time period subject to certain exceptions. A practical consequence of this statute is that a hostile acquisition of our company is unlikely to occur and hostile transactions which might be of benefit to shareholders may not occur.

(b) Financial Information about Industry Segments.

The Company operates in one industry segment.

(c) Narrative Description of Business.

Industry Background

The market for the Company's memory products is principally the OEMs who manufacture and buyers and owners of workstations and enterprise servers. These systems have been important to the growth of the Internet.

A workstation, like a PC, is designed to provide computer resources to individual users. A workstation differs from a PC by providing substantially greater computational performance, input/output capability and graphic display. Workstations are nearly always networked. As a result of this networking capability of both workstations and PCs, the enterprise server has grown in importance.

Enterprise servers are computer systems on a network which provide dedicated functions accessible by all workstations and other systems on the

same network. Examples of different types of servers in use today are: file servers, communication servers, computation servers, database servers, print servers and storage servers.

Dataram designs, produces and markets memory products for workstations and servers sold by Sun, HP, IBM, SGI and Dell. Additionally, the Company produces and markets memory for Intel processor based motherboards for use by OEMs and channel assemblers.

The "open system" philosophy espoused by most of the general computer industry has played a part in enlarging the market for third party vendors. Under the "open system" philosophy, manufacturers adhere to industry design standards, enabling users to "mix and match" hardware and software products from a variety of vendors so that a system can be configured for the user's application in the most economical manner with reduced concern for compatibility and support. Memory products for workstations and servers have become commodities with substantial competition from OEMs and a number of independent memory manufacture suppliers.

Generally, growth in the memory market closely follows both the growth in unit shipments of system vendors and the growth of memory requirements per system. Management estimates that long-term growth trends measured by revenue in the market for its products is increasing.

In addition to the growth in the market, management estimates that in the compatibles market, sales by system vendors constitute 80% of the memory market. Thus, there is an opportunity for growth through penetration of the system vendor's market share. To successfully compete with system vendors, Dataram must continue to respond to customers' needs in a short time frame. To support customers' needs, the Company has a dedicated and highly automated manufacturing facility that is designed to produce and ship customer orders within twenty-four hours or less.

Recently Dataram has seen a significant growth in its business in the OEM market. Management believes that increasingly cost conscious OEMs are looking to independent memory suppliers such as Dataram for the low-cost supply of memory modules.

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Products

The Company's principal business is the development, manufacture and marketing of memory modules which can be added to enterprise servers and workstations to upgrade or expand the capabilities of such systems. When vendors produce computer systems adhering to open system industry standards, the development effort for Dataram and other independent memory manufacturers is straightforward and allows for the use of many standard components.

Distribution

Dataram sells its memory products to OEM's, distributors, value-added resellers and larger end-users. The Company has sales offices in New Jersey, Denmark, the United Kingdom, Germany and Japan.

Product Warranty and Service

Management believes that the Company's reputation for the reliability of its memory products and the confidence of prospective purchasers in Dataram's ability to provide service over the life of the product are important factors in making sales. As a consequence, the Company adopted many years ago a Lifetime Warranty program for its memory products. The economic useful life of the computer systems to which Dataram's memory equipment is attached is almost always substantially less than the physical useful life of the equipment itself. Thus, memory systems are unlikely to "wear out." The Company's experience is that less than 1% of all the products it sells are returned under the Lifetime Warranty.

Working Capital Requirements

The memory product business is heavily dependent upon the price of DRAMs. Producers of DRAM are required to invest substantial capital

resources to produce their end product. Their marginal cost is low as a percentage of the total cost of the product. As a result, the world-wide market for DRAMs has swung in the past from period to period from oversupply to shortage. During periods of substantial oversupply, the Company has seen falling prices for DRAMs and wide availability of DRAMs allowing the Company to have minimum inventories to meet the needs of customers. During periods of shortage, DRAMs are allocated and the Company must invest heavily in inventory in order to continue to be assured of the supply of DRAMs from vendors. Thus, the Company must maintain large cash reserves. At the present time, the market for DRAMs is one of oversupply. At April 30, 2005, the Company had cash and cash equivalents of \$9.3 million and had no debt.

Memory Product Complexity

DRAM memory products for workstations and enterprise servers had, for many years, been undergoing a process of simplification with a corresponding decline in profit margins as competitors' entry into the market became easier. However, recent trends in the market have seen the development by OEMs of more complex memory designs. This has enabled Dataram to increase its margins somewhat.

Engineering and Development

The Company's ability to compete successfully depends upon its ability to identify new memory needs of its customers. To achieve this goal, the Company's engineering group continually monitors computer system vendors' new product developments, and the Company evaluates and tests major components as they become available. Dataram designs prototype memory modules and subjects them to reliability testing procedures. During its fiscal year ended April 30, 2005, the Company incurred costs of \$1,299,000 for engineering and product development, \$1,284,000 in fiscal 2004 and \$1,539,000 in fiscal 2003.

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Raw Materials

The Company purchases standard dynamic random access memory ("DRAM") chips. The cost of such chips is approximately 75% of the total cost of memory products. Fluctuations in the availability or prices of memory chips can have a significant impact on the Company's profit.

Dataram has created close relationships with a number of primary suppliers while qualifying and developing alternate sources as a back up. The qualification program consists of extensive evaluation of process capabilities, on-time delivery performance and financial stability of each supplier. Alternative sources are qualified to normally assure supply in the event of a problem with the primary source or to handle surges in demand.

Manufacturing

The Company assembles its memory boards at its manufacturing facility in Bucks County, Pennsylvania.

Backlog

The Company expects that all backlog on hand will be filled during the current fiscal year. The Company's backlog at April 30, 2005 was \$3,735,000, and at April 30, 2004 was \$4,682,000.

Seasonality

The Company's business can be seasonal with December and January being the slowest months.

Competition

The intensely competitive computer industry is characterized by rapid technological change and constant pricing pressures. These characteristics are equally applicable to the third party memory market, where pricing is a major consideration in the buying decision. Dataram competes with Sun, HP, SGI, IBM and Dell, as well as with a number of third party memory suppliers, including Kingston Technology.

Although many of Dataram's competitors possess significantly greater financial, marketing and technological resources, the Company competes favorably based on the buying criteria of price/performance, time-to-market, product quality, reliability, service/support, breadth of product line and compatibility with computer system vendors' technology. Dataram's objective is to continue to remain strong in all of these areas with particular focus on price/performance and time-to-market, which management believes are two of the more important criteria in the selection of third party memory product suppliers. Market research and analysis capability by the Company is necessary to ensure timely information on new products and technologies coming from the computer system vendors and from the overall memory market. Dataram must continue low cost, high volume production while remaining flexible to satisfy the time-to-market requirement.

The Company believes that its 38-year reputation for providing quality products is an important factor to its customers when making a purchase decision. To strengthen this reputation, the Company has a comprehensive lifetime warranty program which provides customers with added confidence in buying from Dataram. See "Business-Product Warranty and Service."

Patents, Trademarks and Licenses

The Company believes that its success depends primarily upon the price and performance of its products rather than on ownership of copyrights or patents.

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Sale of memory products for systems that use proprietary memory design can from time to time give rise to claims of copyright or patent infringement. In most such instances the Company has either obtained the opinion of patent counsel that its products do not violate such patents or copyrights or obtained a license from the original equipment manufacturer.

To the best of the Company's knowledge and belief, no Company product infringes any valid copyright or patent. However, because of rapid technological development in the computer industry with concurrent extensive patent coverage and the rapid rate of issuance of new patents, questions of infringement may continue to arise in the future. If such patents or copyrights are perfected in the future, the Company believes, based upon industry practice, that any necessary licenses would be obtainable upon the payment of reasonable royalties.

Employees

As of April 30, 2005, the Company had 100 full-time employees. The Company believes it has satisfactory relationships with its employees. None of the Company's employees are covered by a collective bargaining agreement.

Environmental

Compliance with federal, state and local provisions which have been enacted or adopted to regulate the protection of the environment does not have a material effect upon the capital expenditures, earnings and competitive position of the Company. The Company does not expect to make any material expenditures for environmental control facilities in either the current fiscal year (fiscal 2006) or the succeeding fiscal year (fiscal 2007).

(d) Financial Information about Foreign and Domestic Operations and Export Sales.

Fiscal	REVENUES (000's)			
	U.S.	Export Europe	Other	Consolidated
2005	\$50,210	8,716	6,758	\$65,684
2004	\$43,780	10,994	7,210	\$61,984
2003	\$29,495	13,180	10,854	\$53,529

PERCENTAGES

Fiscal	Export			Consolidated
	U.S.	Europe	Other	
2005	76.4%	13.3%	10.3%	100.0%
2004	70.6%	17.8%	11.6%	100.0%
2003	55.1%	24.6%	20.0%	100.0%

Item 2. Properties

The Company occupies approximately 24,000 square feet of space for administrative, sales, research and development and manufacturing support in West Windsor Township, New Jersey under a lease expiring on June 30, 2006 and the Company has a ten-year renewal option under this lease.

The Company leases a 32,000 square foot assembly plant in Bucks County, Pennsylvania. The lease expires on January 31, 2006 and the Company has a two-year renewal option.

The Company also leases marketing facilities in The United Kingdom, Denmark, Germany, and Japan.

On September 29, 1980, the Company purchased approximately 81 acres of undeveloped property in West Windsor Township, New Jersey. The purchase price of \$875,000 was paid in cash. The Company has entered into a contract to sell this property for \$3,000,000. Closing of the sale is subject to several material contingencies and no assurance can be given that this sale will, in fact, close.

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Item 3. Legal Proceedings

Lemelson Medical, Education & Research Foundation, Limited Partnership vs. Dataram et al., United States District Court for the District of Arizona; Docket No. CV-01-1440-PHX-HRH.

This is a patent infringement case in which a holder of certain "Lemelson" patents brought an action in the Federal District Court for the District of Arizona against numerous defendants in the electronics industry, including the Company in November of 2001. Dataram has acknowledged service of the complaint but has not answered the complaint because the Court has stayed its further prosecution pending the results of a similar Nevada case involving the same patents. The patents in the Nevada case were found invalid by the Federal District Court whose decision is currently under appeal. The case is in its very early stages. The alleged patent infringement does not implicate the Company's products, but rather the machinery that manufactures them, and if the case resumes it is anticipated that the sellers of that machinery would be joined by the Company.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of Security Holders in the fourth quarter of the fiscal year covered by this report.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Incorporated by reference herein is the information set forth in the Company's 2005 Annual Report to Security Holders under the caption "Common Stock Information" at page 5 and the information from the Definitive Proxy Statement under the caption "Equity Plan Compensation Information." No shares were sold other than pursuant to a registered stock offering during the fourth quarter.

In the fourth quarter of fiscal 2005, the Company repurchased the following shares of Common Stock:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Shares Purchased(1)	(b) Average Price Paid per Share	(d) Maximum (c) Total Number of Shares Number of Shares Purchased that May Yet Be as Part of Publicly Purchased Under the Announced Plans the Plans or or Programs Programs(1)	
February	73,200	\$4.90	73,200	461,950
March	182,084	\$4.91	182,084	279,866
April	56,220	\$4.50	56,220	223,646
Total	311,504	\$4.83	311,504	223,646

(1) All of the above shares were purchased pursuant to repurchase plans announced on June 15, 1999 and December 4, 2002 pursuant to which the Company was authorized to repurchase a total of 1,000,000 shares of Common Stock and as of April 30, 2005, 223,646 shares remain available for repurchase. This repurchase program does not have an expiration date.

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Item 6. Selected Financial Data

Incorporated by reference herein is the information set forth in the 2005 Annual Report to Security Holders under the caption "Selected Financial Data" at page 20.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Incorporated by reference herein is the information set forth in the 2005 Annual Report to Security Holders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" at page 2 through page 5.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Incorporated by reference herein is the information set forth in the 2005 Annual Report to Security Holders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" at page 5.

Item 8. Financial Statements and Supplementary Data

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All other schedules are omitted as the required information is not applicable or because the required information is included in the consolidated financial statements or notes thereto.

*Incorporated herein by reference.

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 Schedule II

DATARAM CORPORATION AND SUBSIDIARIES

Valuation and Qualifying Accounts

Years ended April 30, 2005, 2004 and 2003

Description	Additions			Balance at close	of period
	Balance at beginning of period	charged to costs and expenses	Deductions from reserves		
<S>	<C>	<C>	<C>	<C>	<C>
Year ended April 30, 2005:					
Allowance for doubtful accounts	\$ 100,000	8,000	33,000*	75,000	
Allowance for sales returns	\$ 220,000	843,000	813,000	250,000	
Year ended April 30, 2004:					
Allowance for doubtful accounts	\$ 100,000	7,000	7,000*	100,000	
Allowance for sales returns	\$ 220,000	584,000	584,000	220,000	
Year ended April 30, 2003:					
Allowance for doubtful accounts	\$ 100,000	152,000	152,000*	100,000	
Allowance for sales returns	\$ 220,000	405,000	405,000	220,000	

*Represents write-offs and recoveries of accounts receivable.
 </TABLE>

The Board of Directors and Stockholders
Dataram Corporation:

Under date of July 8, 2005, we reported on the consolidated balance sheets of Dataram Corporation and subsidiaries as of April 30, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended April 30, 2005, as contained in the April 30, 2005 Annual Report to Security Holders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year ended April 30, 2005. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Short Hills, New Jersey
July 8, 2005

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Item 9. Changes In and Disagreements with Accountants on
Accounting and Financial Disclosure

Not Applicable.

Item 9A. Controls and Procedures

Dataram's management acting under the supervision of the Audit Committee is responsible for establishing and maintaining adequate internal controls and procedures to permit accurate financial reporting. As of April 30, 2005, Mr. Tarantino and Mr. Maddocks have evaluated those controls and procedures. Based upon this evaluation of the controls now in place, management believes that these internal controls and procedures are effective and there are no material weaknesses in those financial controls. There have been no significant changes in these controls since the date of this evaluation.

Item 9B. Other Information

Not Applicable

PART III

Item 10. Directors and Executive Officers of the Registrant

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Executive Officers of the

Company," "Nominees for Director" and "Section 16 Compliance."

Item 11. Executive Compensation

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the caption "Executive Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Equity Plan Compensation Information."

Item 13. Certain Relationships and Related Transactions

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Executive Compensation" and "Board of Directors."

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Item 14. Principal Accountant Fees and Services

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the caption "Principal Accountant Fees and Services."

PART IV

Item 15. Exhibits, Financial Statement Schedule, and Reports on Form 8-K

The following documents are filed as part of this report:

1. Financial Statements incorporated by reference into Part II of this Report.
2. Financial Statement Schedule included in Part II of this Report.
3. The documents identified in the Exhibit Index which appears on page 17.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATARAM CORPORATION
(Registrant)

Date: July 27, 2005 By: ROBERT V. TARANTINO

Robert V. Tarantino, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Date: July 27, 2005 By: ROBERT V. TARANTINO

Robert V. Tarantino, President
Chief Executive Officer and
Chairman of the Board of Directors
(Principal Executive Officer)

Date: July 27, 2005 By: THOMAS A. MAJEWSKI

Thomas A. Majewski,
Director

Date: July 27, 2004 By: BERNARD L. RILEY

Bernard L. Riley, Director

Date: July 27, 2005 By: ROGER C. CADY

Roger C. Cady, Director

Date: July 27, 2005 By: MARK E. MADDOCKS

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

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EXHIBIT INDEX

- 3(a) Restated Certificate of Incorporation. Incorporated by reference from Exhibits to a Quarterly Report on Form 10-Q for the quarter ended July 31, 2000 and filed on September 13, 2000.
- 3(b) By-Laws. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2003 and filed on July 26, 2003.
- 4(a) Loan Agreement dated as of June 21, 2004. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2004 and filed on July 28, 2004.
- 4(b) Committed Line of Credit Note dated as of June 21, 2005. Incorporated by reference from Exhibits to an Annual Report on

Form 10-K for the year ended April 30, 2004 and filed on July 28, 2004.

- 4(c) Amendment to Loan Documents Dated as of April 4, 2005.
- 10(a) 2001 Stock Option Plan. Incorporated by reference from Exhibits to a Definitive Proxy Statement for an Annual Meeting of Shareholders held on September 12, 2001 and filed on July 26, 2001.
- 10(b) Savings and Investment Retirement Plan, January 1, 2001 Restatement. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2003 and filed on July 26, 2003.
- 10(c) West Windsor, New Jersey Lease dated September 19, 2000. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2001 and filed on July 26, 2001.
- 10(d) Bucks County, Pennsylvania Lease dated January 31, 1995. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2003 and filed on July 26, 2003.
- 10(e) Employment Agreement of Robert V. Tarantino dated as of February 1, 2005.
- 10(f) Employment Agreement of Jeffrey H. Duncan dated as of February 1, 2005.
- 10(g) Employment Agreement of Mark E. Maddocks dated as of February 1, 2005.
- 10(h) Departure Agreement of Hugh Tucker dated May 1, 2005.
- 10(i) Departure Agreement of Lars Marcher dated June 20, 2005.
- 13(a) 2005 Annual Report to Shareholders
- 14(a) Code of Ethics. Incorporated by reference from Exhibits to a Current Report on Form 8-K and filed on June 30, 2005.
- 23(a) Consent of KPMG LLP, Independent Registered Public Accounting Firm.
- 31(a) Rule 13a-14(a) Certification of Robert V. Tarantino
- 31(b) Rule 13a-14(a) Certification of Mark Maddocks
- 32(a) Section 1350 Certification of Robert V. Tarantino (Furnished not Filed)
- 32(b) Section 1350 Certification of Mark Maddocks (Furnished not Filed)

THIS AMENDMENT TO LOAN DOCUMENTS (this "Amendment") is made as of April 4, 2005, by and between DATARAM CORPORATION (the "Borrower"), and PNC BANK, NATIONAL ASSOCIATION (the "Bank").

BACKGROUND

A. The Borrower has executed and delivered to the Bank (or a predecessor which is now known by the Bank's name as set forth above), one or more promissory notes, letter agreements, loan agreements, security agreements, mortgages, pledge agreements, collateral assignments, and other agreements, instruments, certificates and documents, some or all of which are more fully described on attached Exhibit A, which is made a part of this Amendment (collectively as amended from time to time, the "Loan Documents") which evidence or secure some or all of the Borrower's obligations to the Bank for one or more loans or other extensions of credit (the "Obligations").

B. The Borrower and the Bank desire to amend the Loan Documents as provided for in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain of the Loan Documents are amended as set forth in Exhibit A. Any and all references to any Loan Document in any other Loan Document shall be deemed to refer to such Loan Document as amended by this Amendment. This Amendment is deemed incorporated into each of the Loan Documents. Any initially capitalized terms used in this Amendment without definition shall have the meanings assigned to those terms in the Loan Documents. To the extent that any term or provision of this Amendment is or may be inconsistent with any term or provision in any Loan Document, the terms and provisions of this Amendment shall control.

2. The Borrower hereby certifies that: (a) all of its representations and warranties in the Loan Documents, as amended by this Amendment, are, except as may otherwise be stated in this Amendment: (i) true and correct as of the date of this Amendment, (ii) ratified and confirmed without condition as if made anew, and (iii) incorporated into this Amendment by reference, (b) no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default, exists under any Loan Document which will not be cured by the execution and effectiveness of this Amendment, (c) no consent, approval, order or authorization of, or registration or filing with, any third party is required in connection with the execution, delivery and carrying out of this Amendment or, if required, has been obtained, and (d) this Amendment has been duly authorized, executed and delivered so that it constitutes the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms. The Borrower confirms that the Obligations remain outstanding without defense, set off, counterclaim, discount or charge of any kind as of the date of this Amendment.

3. The Borrower hereby confirms that any collateral for the Obligations, including liens, security interests, mortgages, and pledges granted by the Borrower or third parties (if applicable), shall continue unimpaired and in full force and effect, and shall cover and secure all of the Borrower's existing and future Obligations to the Bank, as modified by this Amendment.

4. As a condition precedent to the effectiveness of this Amendment, the Borrower shall comply with the terms and conditions (if any) specified in Exhibit A.

5. To induce the Bank to enter into this Amendment, the Borrower waives and releases and forever discharges the Bank and its officers, directors, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against the Bank or any of them arising out of or relating to the Obligations. The Borrower further agrees to indemnify and hold the Bank and its officers, directors, attorneys,

agents and employees harmless from any loss, damage, judgment, liability or expense (including attorneys' fees) suffered by or rendered against the Bank or any of them on account of any claims arising out of or relating to the Obligations. The Borrower further states that it has carefully read the foregoing release and indemnity, knows the contents thereof and grants the same as its own free act and deed.

6. This Amendment may be signed in any number of counterpart copies and by the parties to this Amendment on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Amendment by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

7. This Amendment will be binding upon and inure to the benefit of the Borrower and the Bank and their respective heirs, executors, administrators, successors and assigns.

8. This Amendment has been delivered to and accepted by the Bank and will be deemed to be made in the State where the Bank's office indicated in the Loan Documents is located. This Amendment will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State where the Bank's office indicated in the Loan Documents is located, excluding its conflict of laws rules.

9. Except as amended hereby, the terms and provisions of the Loan Documents remain unchanged, are and shall remain in full force and effect unless and until modified or amended in writing in accordance with their terms, and are hereby ratified and confirmed. Except as expressly provided herein, this Amendment shall not constitute an amendment, waiver, consent or release with respect to any provision of any Loan Document, a waiver of any default or Event of Default under any Loan Document, or a waiver or release of any of the Bank's rights and remedies (all of which are hereby reserved). The Borrower expressly ratifies and confirms the waiver of jury trial provisions contained in the Loan Documents.

WITNESS the due execution of this Amendment as a document under seal as of the date first written above.

WITNESS/ATTEST:

DATARAM CORPORATION

ROBERT TARANTINO

By: MARK MADDOCKS

Print Name: Robert Tarantino

(SEAL)

Mark E. Maddocks

Title: Chairman & CEO

Vice President, Finance

(Include title only if an officer of entity signing to the right)

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PNC BANK, NATIONAL ASSOCIATION

By: MARY P. STINE

(SEAL)

Mary P. Stine

Vice President

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A. The "Loan Documents" that are the subject of this Amendment include the following (as any of the foregoing have previously been amended, modified or otherwise supplemented):

1. Loan Agreement dated as of June 21, 2004 (the "Agreement")
2. All other documents, instruments, agreements, and certificates executed and delivered in connection with the Loan Documents listed in this Section A.

B. The Loan Documents are amended as follows:

Sub-paragraph 5.7 Dividends, is hereby deleted in its entirety and replaced, therefor, with the following:

5.7. Dividends. Declare or pay any dividends on or make any distribution with respect to any class of its equity, or purchase, redeem, retire or otherwise acquire any of its equity; provided, however, that Borrower shall be permitted to declare or pay dividends on or make distributions or purchase, redeem or retire or otherwise acquire any of its equity in an aggregate amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000.00) per annum, so long as no Event of Default has occurred and is continuing or would result.

C. Conditions to Effectiveness of Amendment: The Bank's willingness to agree to the amendments set forth in this Amendment are subject to the prior satisfaction of the following conditions:

1. Execution by all parties and delivery to the Bank of this Amendment.

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 1st day of February, 2005, between Dataram Corporation (the "Company"), a New Jersey corporation having a mailing address at P.O. Box 7528, Princeton, New Jersey 08543-7528, and Robert V. Tarantino (the "Executive"), an individual having a mailing address at 57 Southfield Road, Windsor, NJ 08550.

WHEREAS, the Executive presently serves as the Company's Chairman of the Board and Chief Executive Officer; and

WHEREAS, the Company desires to employ the Executive, and the Executive desires to be employed by the Company, on the terms and conditions set forth in this Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. **Term Of Employment.** The Company will employ the Executive, and the Executive hereby accepts employment by the Company, on the terms and conditions contained in this Agreement for the period commencing upon the date of this Agreement and ending April 30, 2005. If not terminated in accordance with Subsection 5.1 of this Agreement, the term of the Executive's employment under this Agreement (the "Term") will continue thereafter on a year to year basis, subject to the respective rights of the Executive and the Company to terminate the Term pursuant to Section 5 below.

2. Duties.

2.1 **Position.** During the Term, the Executive shall serve as the Company's Chairman of the Board and Chief Executive Officer, with such additions to the scope of the duties of his employment within the Company's field of operations or those of the Company's subsidiaries or affiliated corporations as the Board of Directors and the Executive may agree.

2.2 **Time.** The Executive shall devote all of his business time, energy and skill to the affairs of the Company and its subsidiaries and affiliated corporations and to the promotion of their interests, provided that the Executive may serve as a director of such business and not-for-profit corporations, and as a principal of businesses and other ventures, as the Board of Directors shall permit in its discretion.

3. Compensation.

3.1 **Base Compensation.** During the Term, the Company shall pay the Executive a salary at the rate of \$275,000 per annum, payable in equal installments in accordance with the Company's normal practices for payment of executives. In addition, the Executive shall be entitled to an automobile allowance of \$7,800 a year. The Executive's salary shall be reviewed by the Company annually on its anniversary date commencing as of May 1, 2005. Any increases in salary shall be at the sole discretion of the Board of Directors.

3.2 **Bonus Compensation.** The Executive may participate in such bonus programs as the Company may have in place, from time to time, at the sole discretion of the Board of Directors.

3.3 **Reimbursement for Expenses.** During the Term, the Company will reimburse the Executive for all documented expenses properly incurred by the Executive in the performance of the Executive's duties under this Agreement.

3.4 **Stock Options.** Based upon performance, the Company will consider the Executive for stock options or additional options under any Stock Option Plan in effect from time to time for the benefit of executives of the Company. All such options as may be granted shall be evidenced by written

Option Agreements.

3.5 Other Benefits. In addition to the benefits specified in Sections 3.1 through 3.4, during the Term the Executive will be entitled to participate in any present and future life insurance, disability insurance, health insurance, pension, retirement and similar plans adopted by the Company for the general and overall benefit of its employees or its principal executives.

3.6 Withholding. The Company shall have the right to withhold from any amounts payable hereunder any amounts required to be withheld by the appropriate taxing authorities.

4. Nonassignability Of Benefits. No benefit under this Agreement shall be subject in any manner to anticipation, alienation, sale, transfer or assignment by the Executive, his beneficiaries or his estate, nor shall any benefit in any manner be liable for or subject to attachments or legal process for or against the Executive, his beneficiaries or his estate.

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5. Termination Of Agreement.

5.1 Termination Generally. Except as otherwise expressly stated herein, this Agreement, and all liabilities and obligations of the Company to the Executive under this Agreement, shall cease and terminate upon the earliest of the events specified below, provided that such termination shall not effect the right of the Executive or his estate or beneficiaries to receive any salary or bonus accrued but unpaid, and shall not affect any vested rights which the Executive may have pursuant to any insurance or other benefit plans or any other plans, policies or arrangements of the Company or any of its subsidiaries or affiliated corporations:

- (a) expiration of the Term (including any continuation thereof) upon written notice of non-renewal by the Company to the Executive or by the Executive to the Company at least 30 days prior to any expiration date;
- (b) the date of a determination by the Board of Directors that this Agreement should be terminated by reason of the Executive's suffering from a disability to such an extent that he will be unable to perform the functions of his office for a continuous period of not less than 6 months from the date of such determination;
- (c) the death of the Executive, subject to Section 5.3;
- (d) the date of termination for cause as discussed in Section 5.2;
- (e) the date of termination other than for cause; and
- (f) voluntary termination of the Executive pursuant to Section 5.4 hereof.

5.2 Termination for Cause. Anything herein to the contrary notwithstanding, the Company may terminate the Term and all of the Company's then remaining obligations hereunder for cause. For purposes of this Agreement, "cause" shall mean (a) the Executive's material breach of this Agreement; (b) the Executive's gross negligence in performing his duties or willful or knowing failure or refusal to perform his duties as directed by the Board of Directors; (c) the appropriation (or attempted appropriation) of a material business opportunity of the Company, including attempting to secure or securing any personal profit in connection with any transaction entered into on behalf of the Company; (d) the misappropriation (or attempted misappropriation) of any funds or property of the Company; (e) any breach of any fiduciary duty (imposed by this Agreement, at law, in equity or otherwise) owed to the Company; (f) the conviction of a crime involving an act of dishonesty or moral turpitude; or (g) the conviction of, or the

entering of a guilty plea or plea of no contest with respect to, a felony, the equivalent thereof, or any other crime with respect to which imprisonment is a possible punishment.

5.3 Death. If the Executive dies during the Term, the Executive's estate shall be entitled to receive the base compensation provided in Section 3.1 at the then current rate to the last day of the 6th month after his death occurs together with the bonus for any fiscal year which concludes during that 6 month period. If a fiscal year does not conclude during such 6 months, the Executive's estate shall be entitled to a bonus for the year of his death prorated according to the number of months in such year through the 6th month of the Executive's death.

5.4 Termination by Executive. The Executive may terminate his employment under this Agreement upon 30 days notice.

5.5 Post-Termination Compensation. Anything herein to the contrary (other than Section 5.2) notwithstanding, if a notice of termination is given to the Executive pursuant to 5.1(e) or a notice of non-renewal is given to the Executive pursuant to 5.1(a), or a notice of termination is given by the Executive pursuant to 5.4 by reason of a material (a) decrease in base salary (or bonus percentage), (b) change in job description or (c) change in location of employment to a location more than fifty (50) miles from the headquarters of the Company at the date of this Agreement, then the Company will pay the Executive one year's base salary at the rate existing 60 days prior to the date of the notice of termination. The Company will also pay a pro-rata portion of the bonus that would have been paid to the Executive for the year of termination at the time such bonuses are paid to other executives.

Such payments shall be considered to be a severance payment and shall relieve the Executive and the Company of all obligations hereunder except that the Executive's covenants in Section 6, 7 and 8 shall be continuing obligations.

6. Confidentiality. During the Term and for three years thereafter Executive will not disclose information concerning the Company's affairs, including undisclosed financial information, products, the identity of suppliers and the identity of customers, to which the Executive has obtained specific knowledge during the Term of this Agreement and which is otherwise unknown to the public. The Executive's obligations under this Section 6 shall survive the termination or expiration of this Agreement.

7. Assignment And Disclosure Of Inventions. As used herein, "Restricted Inventions" shall mean all inventions, discoveries, improvements or modifications to inventions or discoveries, whether or not patentable, which are conceived of and/or reduced to practice, by the Executive, alone or with others, at any time during the Term and which are used or useful by the Company in any of its lines of business. The Executive shall disclose any Restricted Invention promptly to the

Company and the Executive hereby assigns the Company all rights to any Restricted Invention. The Executive will execute and deliver all documents and instruments necessary or desirable for the Company to apply for and obtain domestic and foreign patents for Restricted Inventions. The Executive's obligations under this Section 7 shall survive the termination or expiration of this Agreement.

8. Competition And Post Employment Restriction.

8.1 Restrictions. During the Term of this Agreement and for one year after the period during which the Company is making payments to the Executive pursuant to the terms of this Agreement the Executive covenants and agrees that the Executive shall not directly or indirectly, without the Company's prior written consent: (a) make any public statement or disclosures inconsistent with his duties to advance the business and interests of the Company or make any statement disparaging the Company; (b) engage in research, scientific investigation, employment or consulting as an officer, director,

employee, consultant or individual in any capacity whatsoever in any enterprise (whether or not for profit) which competes substantially with the business of the Company, its successors or affiliates; or (c) solicit employees of the Company in connection with any business, whether or not such business competes with the business of the Company, its successors or affiliates. The Executive's obligations under this Section 8 shall survive the termination or expiration of this Agreement.

8.2 Covenants Extendable and Divisible. In the event of a breach by the Executive of any covenant set forth in Section 8.1 of this Agreement, the term of such covenant will be extended by the period of the duration of such breach. If any covenant in Section 8.1 is held to be unreasonable, arbitrary, or against public policy, such covenant will be considered to be divisible with respect to scope, time, and geographic area, and such lesser scope, time, or geographic area, or all of them, as a court of competent jurisdiction may determine to be reasonable, not arbitrary, and not against public policy, will be effective, binding, and enforceable against the Executive.

9. Injunctive Relief. The Executive acknowledges that disclosure of any Restrictive Inventions or any breach of any restrictive agreements contained herein shall give rise to irreparable injury to the Company. The damage done to the Company will be difficult to ascertain and the Company will be inadequately compensated in damages. Accordingly, the Company may seek and obtain injunctive relief against the breach of the foregoing undertakings, in addition to any other legal remedies, which may be available. The Executive further acknowledges and agrees that in the event of the termination of employment with the Company, the Executive's experience and capabilities are such that the Executive can obtain employment in business activities which are of a different or noncompeting nature with his activities as an Executive of the Company; and the enforcement of a remedy hereunder by way of injunction shall not prevent the Executive from earning a reasonable livelihood. The Executive further acknowledges and agrees the

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covenants contained herein are necessary for the protection of the Company's legitimate business interests and are reasonable in scope and content.

10. Severability. Any provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable, due to being overbroad, shall be deemed to be amended to be only as broad as may be fully enforceable. Any provision of this Agreement which, notwithstanding the foregoing sentence, is determined by a court of competent jurisdiction to be invalid or unenforceable for any reason, shall not affect, impair or invalidate the remainder of this Agreement.

11. Successors And Assigns. This Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns and shall be binding upon and inure to the benefit of the Executive and his heirs, executors, administrators, legal representatives and assigns.

12. Notices. All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly given if mailed by first class certified mail, return receipt requested, postage prepaid, to the parties at their address as first set forth above. A copy of any notice to the Company also shall be sent to:

Thomas J. Bitar, Esq.
Dillon, Bitar & Luther
53 Maple Avenue
Morristown, New Jersey 07960

Either party, by notice in writing mailed to the other as provided herein, may change the address to which future notices to such party shall be mailed.

13. Miscellaneous. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of New Jersey. This Agreement embodies the entire agreement and understanding between the Company and the Executive and supersedes all prior agreements and understandings relating to the subject matter hereof except for written obligations relating

to the stock option and benefit plan. This Agreement may not be modified or amended or any term or provision thereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. All prior Agreements between the parties concerning the subject matters of this Agreement are hereby terminated, and in particular the Employment Agreement dated May 1, 1997, as automatically renewed are hereby terminated. The headings of this Agreement are for the purpose of reference only and shall not limit or otherwise affect the meaning thereof.

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first set forth above.

DATARAM CORPORATION

By: _____
Mark E. Maddocks, Vice President of Finance
and Chief Financial Officer

THE EXECUTIVE

Robert V. Tarantino

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EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 1st day of February, 2005, between Dataram Corporation (the "Company"), a New Jersey corporation having a mailing address at P.O. Box 7528, Princeton, New Jersey 08543-7528, and Jeffrey H. Duncan (the "Executive"), an individual having a mailing address at 2353 Pennington Road, Pennington, NJ 08534.

WHEREAS, the Executive presently serves as the Company's Vice President of Manufacturing; and

WHEREAS, the Company desires to employ the Executive, and the Executive desires to be employed by the Company, on the terms and conditions set forth in this Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. **Term Of Employment.** The Company will employ the Executive, and the Executive hereby accepts employment by the Company, on the terms and conditions contained in this Agreement for the period commencing upon the date of this Agreement and ending April 30, 2005. If not terminated in accordance with Subsection 5.1 of this Agreement, the term of the Executive's employment under this Agreement (the "Term") will continue thereafter on a year to year basis, subject to the respective rights of the Executive and the Company to terminate the Term pursuant to Section 5 below.

2. Duties.

2.1 **Position.** During the Term, the Executive shall serve as the Company's Vice President of Manufacturing, with such additions to the scope of the duties of his employment within the Company's field of operations or those of the Company's subsidiaries or affiliated corporations as the Board of Directors and the Executive may agree.

2.2 **Time.** The Executive shall devote all of his business time, energy and skill to the affairs of the Company and its subsidiaries and affiliated corporations and to the promotion of their interests, provided that the Executive may serve as a director of such business and not-for-profit corporations, and as a principal of businesses and other ventures, as the Board of Directors shall permit in its discretion.

3. Compensation.

3.1 **Base Compensation.** During the Term, the Company shall pay the Executive a salary at the rate of \$179,088 per annum, payable in equal installments in accordance with the Company's normal practices for payment of executives. In addition, the Executive shall be entitled to an automobile allowance of \$7,800 a year. The Executive's salary shall be reviewed by the Company annually on its anniversary date commencing as of May 1, 2005. Any increases in salary shall be at the sole discretion of the Board of Directors.

3.2 **Bonus Compensation.** The Executive may participate in such bonus programs as the Company may have in place, from time to time, at the sole discretion of the Board of Directors.

3.3 **Reimbursement for Expenses.** During the Term, the Company will reimburse the Executive for all documented expenses properly incurred by the Executive in the performance of the Executive's duties under this Agreement.

3.4 **Stock Options.** Based upon performance, the Company will consider the Executive for stock options or additional options under any Stock Option Plan in effect from time to time for the benefit of executives of the Company. All such options as may be granted shall be evidenced by written Option Agreements.

3.5 Other Benefits. In addition to the benefits specified in Sections 3.1 through 3.4, during the Term the Executive will be entitled to participate in any present and future life insurance, disability insurance, health insurance, pension, retirement and similar plans adopted by the Company for the general and overall benefit of its employees or its principal executives.

3.6 Withholding. The Company shall have the right to withhold from any amounts payable hereunder any amounts required to be withheld by the appropriate taxing authorities.

4. Nonassignability Of Benefits. No benefit under this Agreement shall be subject in any manner to anticipation, alienation, sale, transfer or assignment by the Executive, his beneficiaries or his estate, nor shall any benefit in any manner be liable for or subject to attachments or legal process for or against the Executive, his beneficiaries or his estate.

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5. Termination Of Agreement.

5.1 Termination Generally. Except as otherwise expressly stated herein, this Agreement, and all liabilities and obligations of the Company to the Executive under this Agreement, shall cease and terminate upon the earliest of the events specified below, provided that such termination shall not effect the right of the Executive or his estate or beneficiaries to receive any salary or bonus accrued but unpaid, and shall not affect any vested rights which the Executive may have pursuant to any insurance or other benefit plans or any other plans, policies or arrangements of the Company or any of its subsidiaries or affiliated corporations:

- (a) expiration of the Term (including any continuation thereof) upon written notice of non-renewal by the Company to the Executive or by the Executive to the Company at least 30 days prior to any expiration date;
- (b) the date of a determination by the Board of Directors that this Agreement should be terminated by reason of the Executive's suffering from a disability to such an extent that he will be unable to perform the functions of his office for a continuous period of not less than 6 months from the date of such determination;
- (c) the death of the Executive, subject to Section 5.3;
- (d) the date of termination for cause as discussed in Section 5.2;
- (e) the date of termination other than for cause; and
- (f) voluntary termination of the Executive pursuant to Section 5.4 hereof.

5.2 Termination for Cause. Anything herein to the contrary notwithstanding, the Company may terminate the Term and all of the Company's then remaining obligations hereunder for cause. For purposes of this Agreement, "cause" shall mean (a) the Executive's material breach of this Agreement; (b) the Executive's gross negligence in performing his duties or willful or knowing failure or refusal to perform his duties as directed by the Board of Directors; (c) the appropriation (or attempted appropriation) of a material business opportunity of the Company, including attempting to secure or securing any personal profit in connection with any transaction entered into on behalf of the Company; (d) the misappropriation (or attempted misappropriation) of any funds or property of the Company; (e) any breach of any fiduciary duty (imposed by this Agreement, at law, in equity or otherwise) owed to the Company; (f) the conviction of any crime involving an act of dishonesty or moral turpitude; or (g) the conviction of, or the

entering of a guilty plea or plea of no contest with respect to, a felony, the equivalent thereof, or any other crime with respect to which imprisonment is a possible punishment.

5.3 Death. If the Executive dies during the Term, the Executive's estate shall be entitled to receive the base compensation provided in Section 3.1 at the then current rate to the last day of the 6th month after his death occurs together with the bonus for any fiscal year which concludes during that 6 month period. If a fiscal year does not conclude during such 6 months, the Executive's estate shall be entitled to a bonus for the year of his death prorated according to the number of months in such year through the 6th month of the Executive's death.

5.4 Termination by Executive. The Executive may terminate his employment under this Agreement upon 30 days notice.

5.5 Post-Termination Compensation. Anything herein to the contrary (other than Section 5.2) notwithstanding, if a notice of termination is given to the Executive pursuant to 5.1(e) or a notice of non-renewal is given to the Executive pursuant to 5.1(a), or a notice of termination is given by the Executive pursuant to 5.4 by reason of a material (a) decrease in base salary (or bonus percentage), (b) change in job description or (c) change in location of employment to a location more than fifty (50) miles from the headquarters of the Company at the date of this Agreement, then the Company will pay the Executive one year's base salary at the rate existing 60 days prior to the date of the notice of termination. The Company will also pay a pro-rata portion of the bonus that would have been paid to the Executive for the year of termination at the time such bonuses are paid to other executives.

Such payments shall be considered to be a severance payment and shall relieve the Executive and the Company of all obligations hereunder except that the Executive's covenants in Section 6, 7 and 8 shall be continuing obligations.

6. Confidentiality. During the Term and for three years thereafter Executive will not disclose information concerning the Company's affairs, including undisclosed financial information, products, the identity of suppliers and the identity of customers, as to which the Executive has obtained specific knowledge during the Term of this Agreement and which is otherwise unknown to the public. The Executive's obligations under this Section 6 shall survive the termination or expiration of this Agreement.

7. Assignment And Disclosure Of Inventions. As used herein, "Restricted Inventions" shall mean all inventions, discoveries, improvements or modifications to inventions or discoveries, whether or not patentable, which are conceived of and/or reduced to practice, by the Executive, alone or with others, at any time during the Term and which are used or useful by the Company in any of its lines of business. The Executive shall disclose any Restricted Invention promptly to the

Company and the Executive hereby assigns the Company all rights to any Restricted Invention. The Executive will execute and deliver all documents and instruments necessary or desirable for the Company to apply for and obtain domestic and foreign patents for Restricted Inventions. The Executive's obligations under this Section 7 shall survive the termination or expiration of this Agreement.

8. Competition And Post Employment Restriction.

8.1 Restrictions. During the Term of this Agreement and for one year after the period during which the Company is making payments to the Executive pursuant to the terms of this Agreement the Executive covenants and agrees that the Executive shall not directly or indirectly, without the Company's prior written consent: (a) make any public statement or disclosures inconsistent with his duties to advance the business and interests of the Company or make any statement disparaging the Company; (b) engage in research, scientific investigation, employment or consulting as an officer, director,

employee, consultant or individual in any capacity whatsoever in any enterprise (whether or not for profit) which competes substantially with the business of the Company, its successors or affiliates; or (c) solicit employees of the Company in connection with any business, whether or not such business competes with the business of the Company, its successors or affiliates. The Executive's obligations under this Section 8 shall survive the termination or expiration of this Agreement.

8.2 Covenants Extendable and Divisible. In the event of a breach by the Executive of any covenant set forth in Section 8.1 of this Agreement, the term of such covenant will be extended by the period of the duration of such breach. If any covenant in Section 8.1 is held to be unreasonable, arbitrary, or against public policy, such covenant will be considered to be divisible with respect to scope, time, and geographic area, and such lesser scope, time, or geographic area, or all of them, as a court of competent jurisdiction may determine to be reasonable, not arbitrary, and not against public policy, will be effective, binding, and enforceable against the Executive.

9. Injunctive Relief. The Executive acknowledges that disclosure of any Restrictive Inventions or any breach of any restrictive agreements contained herein shall give rise to irreparable injury to the Company. The damage done to the Company will be difficult to ascertain and the Company will be inadequately compensated in damages. Accordingly, the Company may seek and obtain injunctive relief against the breach of the foregoing undertakings, in addition to any other legal remedies, which may be available. The Executive further acknowledges and agrees that in the event of the termination of employment with the Company, the Executive's experience and capabilities are such that the Executive can obtain employment in business activities which are of a different or noncompeting nature with his activities as an Executive of the Company; and the enforcement of a remedy hereunder by way of injunction shall not prevent the Executive from earning a reasonable livelihood. The Executive further acknowledges and agrees the

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covenants contained herein are necessary for the protection of the Company's legitimate business interests and are reasonable in scope and content.

10. Severability. Any provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable, due to being overbroad, shall be deemed to be amended to be only as broad as may be fully enforceable. Any provision of this Agreement which, notwithstanding the foregoing sentence, is determined by a court of competent jurisdiction to be invalid or unenforceable for any reason, shall not affect, impair or invalidate the remainder of this Agreement.

11. Successors And Assigns. This Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns and shall be binding upon and inure to the benefit of the Executive and his heirs, executors, administrators, legal representatives and assigns.

12. Notices. All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly given if mailed by first class certified mail, return receipt requested, postage prepaid, to the parties at their address as first set forth above. A copy of any notice to the Company also shall be sent to:

Thomas J. Bitar, Esq.
Dillon, Bitar & Luther
53 Maple Avenue
Morristown, New Jersey 07960

Either party, by notice in writing mailed to the other as provided herein, may change the address to which future notices to such party shall be mailed.

13. Miscellaneous. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of New Jersey. This Agreement embodies the entire agreement and understanding between the Company and the Executive and supersedes all prior agreements and understandings

relating to the subject matter hereof except for written obligations relating to the stock option and benefit plan. This Agreement may not be modified or amended or any term or provision thereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. All prior Agreements between the parties concerning the subject matters of this Agreement are hereby terminated. The headings of this Agreement are for the purpose of reference only and shall not limit or otherwise affect the meaning thereof.

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first set forth above.

DATARAM CORPORATION

By: _____
Robert V. Tarantino, Chairman of the Board
and Chief Executive Officer

THE EXECUTIVE

Jeffrey H. Duncan

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EMPLOYMENT AGREEMENT

AGREEMENT, dated as of the 1st day of February, 2005, between Dataram Corporation (the "Company"), a New Jersey corporation having a mailing address at P.O. Box 7528, Princeton, New Jersey 08543-7528, and Mark E. Maddocks (the "Executive"), an individual having a mailing address at 11 Ginger Road, Allentown, New Jersey 08501.

WHEREAS, the Executive presently serves as the Company's Vice President of Finance and Chief Financial Officer; and

WHEREAS, the Company desires to employ the Executive, and the Executive desires to be employed by the Company, on the terms and conditions set forth in this Agreement; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. **Term Of Employment.** The Company will employ the Executive, and the Executive hereby accepts employment by the Company, on the terms and conditions contained in this Agreement for the period commencing upon the date of this Agreement and ending April 30, 2005. If not terminated in accordance with Subsection 5.1 of this Agreement, the term of the Executive's employment under this Agreement (the "Term") will continue thereafter on a year to year basis, subject to the respective rights of the Executive and the Company to terminate the Term pursuant to Section 5 below.

2. Duties.

2.1 **Position.** During the Term, the Executive shall serve as the Company's Vice President of Finance and Chief Financial Officer, with such additions to the scope of the duties of his employment within the Company's field of operations or those of the Company's subsidiaries or affiliated corporations as the Board of Directors and the Executive may agree.

2.2 **Time.** The Executive shall devote all of his business time, energy and skill to the affairs of the Company and its subsidiaries and affiliated corporations and to the promotion of their interests, provided that the Executive may serve as a director of such business and not-for-profit corporations, and as a principal of businesses and other ventures, as the Board of Directors shall permit in its discretion.

3. Compensation.

3.1 **Base Compensation.** During the Term, the Company shall pay the Executive a salary at the rate of \$181,376 per annum, payable in equal installments in accordance with the Company's normal practices for payment of executives. In addition, the Executive shall be entitled to an automobile allowance of \$7,800 a year. The Executive's salary shall be reviewed by the Company annually on its anniversary date commencing as of May 1, 2005. Any increases in salary shall be at the sole discretion of the Board of Directors.

3.2 **Bonus Compensation.** The Executive may participate in such bonus programs as the Company may have in place, from time to time, at the sole discretion of the Board of Directors.

3.3 **Reimbursement for Expenses.** During the Term, the Company will reimburse the Executive for all documented expenses properly incurred by the Executive in the performance of the Executive's duties under this Agreement.

3.4 **Stock Options.** Based upon performance, the Company will consider the Executive for stock options or additional options under any Stock Option Plan in effect from time to time for the benefit of executives of the

Company. All such options as may be granted shall be evidenced by written Option Agreements.

3.5 Other Benefits. In addition to the benefits specified in Sections 3.1 through 3.4, during the Term the Executive will be entitled to participate in any present and future life insurance, disability insurance, health insurance, pension, retirement and similar plans adopted by the Company for the general and overall benefit of its employees or its principal executives.

3.6 Withholding. The Company shall have the right to withhold from any amounts payable hereunder any amounts required to be withheld by the appropriate taxing authorities.

4. Nonassignability Of Benefits. No benefit under this Agreement shall be subject in any manner to anticipation, alienation, sale, transfer or assignment by the Executive, his beneficiaries or his estate, nor shall any benefit in any manner be liable for or subject to attachments or legal process for or against the Executive, his beneficiaries or his estate.

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5. Termination Of Agreement.

5.1 Termination Generally. Except as otherwise expressly stated herein, this Agreement, and all liabilities and obligations of the Company to the Executive under this Agreement, shall cease and terminate upon the earliest of the events specified below, provided that such termination shall not effect the right of the Executive or his estate or beneficiaries to receive any salary or bonus accrued but unpaid, and shall not affect any vested rights which the Executive may have pursuant to any insurance or other benefit plans or any other plans, policies or arrangements of the Company or any of its subsidiaries or affiliated corporations:

- (a) expiration of the Term (including any continuation thereof) upon written notice of non-renewal by the Company to the Executive or by the Executive to the Company at least 30 days prior to any expiration date;
- (b) the date of a determination by the Board of Directors that this Agreement should be terminated by reason of the Executive's suffering from a disability to such an extent that he will be unable to perform the functions of his office for a continuous period of not less than 6 months from the date of such determination;
- (c) the death of the Executive, subject to Section 5.3;
- (d) the date of termination for cause as discussed in Section 5.2;
- (e) the date of termination other than for cause; and
- (f) voluntary termination of the Executive pursuant to Section 5.4 hereof.

5.2 Termination for Cause. Anything herein to the contrary notwithstanding, the Company may terminate the Term and all of the Company's then remaining obligations hereunder for cause. For purposes of this Agreement, "cause" shall mean (a) the Executive's material breach of this Agreement; (b) the Executive's gross negligence in performing his duties or willful or knowing failure or refusal to perform his duties as directed by the Board of Directors; (c) the appropriation (or attempted appropriation) of a material business opportunity of the Company, including attempting to secure or securing any personal profit in connection with any transaction entered into on behalf of the Company; (d) the misappropriation (or attempted misappropriation) of any funds or property of the Company; (e) any breach of any fiduciary duty (imposed by this Agreement, at law, in equity or otherwise) owed to the Company; (f) the conviction of any crime involving an act of

dishonesty or moral turpitude; or (g) the conviction of, or the

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entering of a guilty plea or plea of no contest with respect to, a felony, the equivalent thereof, or any other crime with respect to which imprisonment is a possible punishment.

5.3 Death. If the Executive dies during the Term, the Executive's estate shall be entitled to receive the base compensation provided in Section 3.1 at the then current rate to the last day of the 6th month after his death occurs together with the bonus for any fiscal year which concludes during that 6 month period. If a fiscal year does not conclude during such 6 months, the Executive's estate shall be entitled to a bonus for the year of his death prorated according to the number of months in such year through the 6th month of the Executive's death.

5.4 Termination by Executive. The Executive may terminate his employment under this Agreement upon 30 days notice.

5.5 Post-Termination Compensation. Anything herein to the contrary (other than Section 5.2) notwithstanding, if a notice of termination is given to the Executive pursuant to 5.1(e) or a notice of non-renewal is given to the Executive pursuant to 5.1(a), or a notice of termination is given by the Executive pursuant to 5.4 by reason of a material (a) decrease in base salary (or bonus percentage), (b) change in job description or (c) change in location of employment to a location more than fifty (50) miles from the headquarters of the Company at the date of this Agreement, then the Company will pay the Executive one year's base salary at the rate existing 60 days prior to the date of the notice of termination. The Company will also pay a pro-rata portion of the bonus that would have been paid to the Executive for the year of termination at the time such bonuses are paid to other executives. Such payments shall be considered to be a severance payment and shall relieve the Executive and the Company of all obligations hereunder except that the Executive's covenants in Section 6, 7 and 8 shall be continuing obligations.

6. Confidentiality. During the Term and for three years thereafter Executive will not disclose information concerning the Company's affairs, including undisclosed financial information, products, the identity of suppliers and the identity of customers, as to which the Executive has obtained specific knowledge during the Term of this Agreement and which is otherwise unknown to the public. The Executive's obligations under this Section 6 shall survive the termination or expiration of this Agreement.

7. Assignment And Disclosure Of Inventions. As used herein, "Restricted Inventions" shall mean all inventions, discoveries, improvements or modifications to inventions or discoveries, whether or not patentable, which are conceived of and/or reduced to practice, by the Executive, alone or with others, at any time during the Term and which are used or useful by the Company in any of its lines of business. The Executive shall disclose any Restricted Invention promptly to the

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Company and the Executive hereby assigns the Company all rights to any Restricted Invention. The Executive will execute and deliver all documents and instruments necessary or desirable for the Company to apply for and obtain domestic and foreign patents for Restricted Inventions. The Executive's obligations under this Section 7 shall survive the termination or expiration of this Agreement.

8. Competition And Post Employment Restriction.

8.1 Restrictions. During the Term of this Agreement and for one year after the period during which the Company is making payments to the Executive pursuant to the terms of this Agreement the Executive covenants that the Executive shall not directly or indirectly, without the Company's prior written consent: (a) make any public statement or disclosures inconsistent with his duties to advance the business and interests of the Company or make

any statement disparaging the Company; (b) engage in research, scientific investigation, employment or consulting as an officer, director, employee, consultant or individual in any capacity whatsoever in any enterprise (whether or not for profit) which competes substantially with the business of the Company, its successors or affiliates; or (c) solicit employees of the Company in connection with any business, whether or not such business competes with the business of the Company, its successors or affiliates. The Executive's obligations under this Section 8 shall survive the termination or expiration of this Agreement.

8.2 Covenants Extendable and Divisible. In the event of a breach by the Executive of any covenant set forth in Section 8.1 of this Agreement, the term of such covenant will be extended by the period of the duration of such breach. If any covenant in Section 8.1 is held to be unreasonable, arbitrary, or against public policy, such covenant will be considered to be divisible with respect to scope, time, and geographic area, and such lesser scope, time, or geographic area, or all of them, as a court of competent jurisdiction may determine to be reasonable, not arbitrary, and not against public policy, will be effective, binding, and enforceable against the Executive.

9. Injunctive Relief. The Executive acknowledges that disclosure of any Restrictive Inventions or any breach of any restrictive agreements contained herein shall give rise to irreparable injury to the Company. The damage done to the Company will be difficult to ascertain and the Company will be inadequately compensated in damages. Accordingly, the Company may seek and obtain injunctive relief against the breach of the foregoing undertakings, in addition to any other legal remedies, which may be available. The Executive further acknowledges and agrees that in the event of the termination of employment with the Company, the Executive's experience and capabilities are such that the Executive can obtain employment in business activities which are of a different or noncompeting nature with his activities as an Executive of the Company; and the enforcement of a remedy hereunder by way of injunction shall not prevent the Executive from earning a reasonable livelihood. The Executive further acknowledges and agrees the

5

covenants contained herein are necessary for the protection of the Company's legitimate business interests and are reasonable in scope and content.

10. Severability. Any provision of this Agreement which is determined by a court of competent jurisdiction to be invalid or unenforceable, due to being overbroad, shall be deemed to be amended to be only as broad as may be fully enforceable. Any provision of this Agreement which, notwithstanding the foregoing sentence, is determined by a court of competent jurisdiction to be invalid or unenforceable for any reason, shall not affect, impair or invalidate the remainder of this Agreement.

11. Successors And Assigns. This Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns and shall be binding upon and inure to the benefit of the Executive and his heirs, executors, administrators, legal representatives and assigns.

12. Notices. All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly given if mailed by first class certified mail, return receipt requested, postage prepaid, to the parties at their address as first set forth above. A copy of any notice to the Company also shall be sent to:

Thomas J. Bitar, Esq.
Dillon, Bitar & Luther
53 Maple Avenue
Morristown, New Jersey 07960

Either party, by notice in writing mailed to the other as provided herein, may change the address to which future notices to such party shall be mailed.

13. Miscellaneous. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of New Jersey. This Agreement embodies the entire agreement and understanding between the Company

and the Executive and supersedes all prior agreements and understandings relating to the subject matter hereof except for written obligations relating to the stock option and benefit plan. This Agreement may not be modified or amended or any term or provision thereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. All prior Agreements between the parties concerning the subject matters of this Agreement are hereby terminated. The headings of this Agreement are for the purpose of reference only and shall not limit or otherwise affect the meaning thereof.

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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first set forth above.

DATARAM CORPORATION

By: _____
Robert V. Tarantino, Chairman of the Board
and Chief Executive Officer

THE EXECUTIVE

Mark E. Maddocks

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DATARAM

May 1, 2005

Mr. Hugh Tucker
451 Mountain Road
Laguna Beach, CA 92651

Re: Departure Agreement

Dear Hugh:

I am writing to set forth our mutual understanding concerning your departure from Dataram, even though that departure is not imminent:

1. As of May 1, 2005, you have been terminated as a vice president of Dataram Corporation.
2. Notwithstanding that termination, you will continue as an employee of the Corporation, serving in the position of a business development manager until October 28, 2005, or the date you become employed by another company, whichever shall first occur. The date of your termination as an employee under this paragraph is hereafter referred to as the "Departure Date".
3. Prior to the Departure Date you will continue to receive your current salary (as of May 1, 2005) and be eligible to participate in all employee benefit plans, as they may exist at the Company during this time period.
4. Prior to the Departure Date you agree to return to the Company all customer information in your possession, all customer lists, all contact lists and any other Company property in your possession.
5. Whether or not you enter into employment with another company, Dataram agrees to retain you as a consultant for a twelve-month period commencing on the Departure Date during which time you will be paid compensation on a bi-weekly pro rata basis, an amount equal to your current salary (as of May 1, 2005) on a "gross" or "1099" basis, as you will become at that time an independent contractor for the Company and not an employee.
6. During this period of consultancy you agree to be available to officers of the Company and relevant employees of our marketing and sales department to answer questions and perform such assignments (not to exceed 10 hours a week) as you may be requested.
7. During the period of this consultancy, the Company will reimburse you for actual expenses you incur while serving on the Company's behalf provided that no expense shall be incurred by you without the prior written consent of the Company.
8. During the period of this consultancy you will not be entitled to participate in any of the Company's employee benefit plans. Notwithstanding the foregoing, if you request COBRA coverage from our health insurer, the Company will pay all amounts as may become due to the Company's health insurer for this COBRA coverage for up to 12 months after the Departure Date.
9. You should understand that the occurrence of the Departure Date will trigger a 90-day period within which you must exercise your existing stock options or they will expire.
10. You agree that from the present time until the expiration of a 3-year period following your consulting service you will not, without the express prior written consent of the Company, disclose any trade secret or confidential information of the Company or any of its clients to any third party.

11. During the 12-month period after the Departure Date:
- (a) Non-solicitation. During the 12-month period after the Departure Date (and prior thereto while employed by the Company), you agree not to solicit any employee of the Company to leave his or her employment to take up employment with any other company for any reason.
 - (b) Non-competition. During the same 12-month period you agree not to compete with the Company by accepting employment as an employee, agent, independent contractor, consultant, director or otherwise with any direct or indirect competitor of the Company or with any client of the Company for whom you have worked on behalf of the Company, without the express prior written consent of the Company, which consent may be withheld for any reason. "Direct" means an independent memory module manufacturer.
12. You acknowledge that any disclosure of Company trade secrets or confidential information or any breach of the agreement against non-solicitation of employees or breach of the agreement against competition will give rise to irreparable injury to the Company. Such damage will be difficult to ascertain and the Company will be inadequately compensated by damages. Accordingly, you agree that the Company may seek and obtain injunctive relief in addition to any other legal remedies which may be available. Moreover you agree that should any provision of this agreement be violated by you in addition to all other remedies, the Company may rightfully terminate the above 12 month consulting agreement without any further liability hereunder.
13. By accepting the terms of this letter you will have released and given up any and all claims against Dataram that you may have up to the date of this letter, including but not limited to claims of any kind under state or federal law based upon your employment by the Company and this agreement of termination, but not including claims to enforce the terms of this agreement.

Sincerely,

ROBERT V. TARANTINO

Robert V. Tarantino
Chairman and CEO

I agree to the foregoing terms.

HUGH F. TUCKER

Hugh F. Tucker

DATARAM

June 20, 2005

Lars Marcher
Dataram Corporation
Route 571, Princeton Road
West Windsor, NJ 08550

Re: Employment Restructuring

Dear Lars:

I am writing to set forth our mutual understanding regarding the terms of the restructuring of your position with Dataram to comply with your desire to return to Denmark:

1. As of June 30, 2005, you will be stepping down as President and COO of the Company. From that date until December 31, 2005 you nevertheless will continue to be an employee of the Company, with your primary location being Denmark and with the same compensation and benefits as you presently have, taking directions as to the scope of your employment from me or such persons as I may designate.

2. On December 31, 2005, your employment with the Company will terminate. Commencing January 1, 2006, you will be engaged as an independent contractor to consult with the Company in matters relating to sales and marketing. That consultancy shall continue until April 30, 2006, or until you become employed by another company, whichever shall first occur. Your fee as a consultant shall be the same, on a pro rata basis, as your gross salary as an employee as such existed at the termination of your employment on December 31, 2005, except that you will no longer be entitled to or participate in the Company's employee benefit plans. Payment of your fee shall be on such a periodic basis as the Company shall determine, keeping in mind your preferences in that regard.

3. Even if your consultancy terminates prior to April 30, 2006, as contemplated by paragraph 2, above, the Company shall continue to pay your fee on a periodic basis until April 30, 2006.

4. During this period of consultancy you agree to be available to officers of the Company and relevant employees of our marketing and sales department to answer questions and perform such assignments (not to exceed 10 hours a week) as you may be requested.

5. During the period of your consultancy, the Company will reimburse you for actual expenses you incur while serving on the Company's behalf provided that no such expense shall be incurred by you without the prior consent of the Company.

6. Upon the conclusion of the consulting agreement you agree to return to the Company all customer information in your possession, all customer lists, all contact lists and any other Company property in your possession.

7. You should understand that the termination of your employment status on December 31, 2005 will trigger a 90-day period within which you must exercise your existing stock options or they will expire.

8. You agree that from the present time until the expiration of a 3-year period following your consulting service you will not, without the express prior written consent of the

Company, disclose any trade secret or confidential information of the Company or any of its clients to any third party.

9. During the term of your consulting agreement and for a 12-month period thereafter:

a. Non-solicitation: You agree not to solicit any employee of the Company to leave his or her employment to take up employment with any other company for any reason.

b. Non-competition: You agree not to compete with the Company by accepting employment as an employee, agent, independent contractor, consultant, director, or otherwise with any direct or indirect competitor of the Company or with any client of the Company for whom you have worked on behalf of the Company, without the express prior written consent of the Company, which consent may be withheld for any reason.

10. You acknowledge that any disclosure of Company trade secrets or confidential information or any breach of agreement against non-solicitation of employees or breach of the agreement against competition will give rise to irreparable injury to the Company. Such damage will be difficult to ascertain and the Company will be inadequately compensated by damages. Accordingly, you agree that the Company may seek and obtain injunctive relief in addition to any other legal remedies, which may be available. Moreover you agree that should any provision of this agreement be violated by you, in addition to all other remedies, the Company may rightfully terminate the above 4-month consulting agreement without any further liability hereunder.

11. By accepting the terms of this you will have released and given up any and all claims against Dataram that you may have up to the date of this letter, including but not limited to claims of any kind under state or federal law based upon your employment by the Company and this agreement, but not including claims to enforce the terms of this agreement.

12. Although we have encouraged you to consult with an attorney with respect to this agreement, you have advised us that you do not intend to do so.

13. All prior agreements between you and the Company relating to your employment or compensation, including but not limited to the letter agreement you and I executed dated July 12, 2002, are hereby terminated in all respects without any continuing liability on your part or on the part of the Company.

If you are in agreement with all of the foregoing terms, please countersign this letter indicated below.

I would like to add that the Company appreciates all you have done and will continue to do in its behalf, as well as the personal relationships you have developed during your years with us.

Sincerely,

ROBERT V. TARANTINO

Robert V. Tarantino
Chairman and CEO

I agree to the foregoing terms
as of the above date.

LARS MARCHER

Lars Marcher

[DATARAM LOGO]

DATARAM CORPORATION

2005 ANNUAL REPORT

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[PICTURE OF ROBERT TARANTINO]

Chairman's Letter

To Our Shareholders

It is my pleasure to report on our fiscal 2005 performance and our outlook for the future.

Fiscal 2005 was a year of continued earnings growth for the Company. As a leading independent provider of advanced memory to OEMs, compatible memory for network servers and memory for supercomputers, our strategy is to focus on specialized and high capacity memory and not to try and compete in the ultra price sensitive commodity sector of the market. The benefits of this are reflected in our operating results. For fiscal 2005, we achieved:

Revenue growth of 6% to \$65.7 million.

Operating earnings growth of 63% to \$3.9 million.

Cash flow generated from operating activities of \$3.7 million.

Open market stock repurchases totaling \$1.5 million.

Working capital growth of 44% to \$19.5 million. A current ratio of 5.9 to 1, with cash and equivalents increasing by 37% to \$9.3 million.

The outlook for further performance improvements in fiscal 2006 is positive. Servers are at the center of corporate networks and the Internet, and our products enhance server performance. The activities of Internet users, service providers and large corporations are placing increasing demands on information technology infrastructure. Today's network expansion supports rapid growth in data and file transmission, multimedia content and broadband communications. As a consequence, users will need more servers with more memory in them.

Year-over year, our selling, general and administrative costs declined by approximately \$1.3 million, or 11%. Additionally, as part of our normal operational reviews, we implemented a limited staff reduction in the fourth quarter, which is expected to reduce our expenses in fiscal 2006 by approximately \$1.0 million. This action will further increase our already considerable operating leverage. We believe that our present infrastructure is more than sufficient to support continued profitable growth. In the last two years, we have achieved meaningful year over year performance improvements and expect the trend to continue.

Our Board of Directors' goal has always been to build shareholder value. We have in the past, had significant stock repurchase programs and in this year's fourth quarter the Company repurchased \$1.5 million worth of stock. After reviewing our cash management options, the Board of Directors also decided to initiate a quarterly cash dividend of \$0.05 per share, which was announced on May 31, 2005. It is the intention of the Board that this be the first in a series of regular quarterly dividends. We believe this decision is an important step to building long-term value for our shareholders.

On behalf of the Company's Board of Directors and management team, I would like to thank our shareholders for their continued support and our employees for their hard work and dedication.

In closing, we must mention an event which deeply saddened everyone connected with the Company, the passing on December 5, 2004 of Richard Holzman. Dick contributed over 27 years of service to the Company as a valued member of the Board of Directors. He also served as a member of the Board's Audit Committee, Compensation and Stock Option Committee and Nominating Committee. He always graciously gave his wise counsel and guidance to Dataram's executives. Above all, he exhibited a great deal of integrity in everything he did. Although Dick will never be forgotten, the greatest gift we can bestow upon his memory is to continue to sustain the vibrancy of our organization for the benefit of shareholders. We are committed to this goal.

July 22, 2005

Robert V. Tarantino
Chairman of the Board of Directors,
President and Chief Executive Officer

Page 1

Management's Discussion and Analysis of Financial Condition and
Results of Operations

Overview

Dataram is a developer, manufacturer and marketer of large capacity memory products primarily used in high performance network servers and

workstations. The Company provides customized memory solutions for original equipment manufacturers (OEMs) and compatible memory for leading brands including Dell, HP, IBM, Silicon Graphics and Sun Microsystems. The Company also manufactures a line of memory products for Intel motherboard based servers for sale to OEMs and channel assemblers.

The Company's memory products are sold worldwide to original equipment manufacturers, distributors, value-added resellers and end users. The Company has a manufacturing facility in the United States with sales offices in the United States, Europe and Japan.

The Company is an independent memory manufacturer specializing in high capacity memory and competes with several other large independent memory manufacturers as well as the original equipment manufacturers mentioned above. The primary raw material used in producing memory boards is dynamic random access memory (DRAM) chips. The purchase cost of DRAM chips typically represents approximately 75% of the total cost of a finished memory board. Consequently, average selling prices for computer memory boards are significantly dependent on the pricing and availability of DRAM chips.

Results of Operations

The following table sets forth consolidated operating data expressed as a percentage of revenues for the periods indicated.

Years Ended April 30,	2005	2004	2003
Revenues	100.0%	100.0%	100.0%
Cost of sales	75.8	74.7	73.9
Gross profit	24.2	25.3	26.1
Engineering and development	2.0	2.1	2.9
Selling, general and administrative	16.2	19.3	32.1
Restructuring charges	-	-	7.1
Asset impairment charge	-	-	21.5
Earnings (loss) from operations	6.0	3.9	(37.5)
Other income (expense), net	0.3	0.2	(0.2)
Earnings (loss) before income tax expense (benefit)	6.3	4.1	(37.7)
Income tax expense (benefit)	(3.9)	0.4	(8.5)
Net earnings (loss)	10.2	3.7	(29.2)

Fiscal 2005 Compared With Fiscal 2004

Revenues for fiscal 2005 were \$65.7 million compared to \$62.0 million in fiscal 2004. The growth in revenue came primarily from sales to OEMs, which accounted for approximately 50% of revenue in fiscal 2005, compared to approximately 36% in fiscal 2004. Revenues from the sale of memory for the compatibles market declined by approximately 18% in fiscal 2005 from fiscal 2004. This reduction is primarily attributable to reduced sales volume of the Company's products for Intel motherboard based servers sold to channel assemblers. This market has become extremely price sensitive and the Company has chosen not to compete for certain customers' business

in this market.

Overall volume as measured by gigabytes shipped increased by approximately 8% in fiscal 2005 from fiscal 2004. Average selling price per gigabyte declined by approximately 2% in fiscal 2005 compared to the prior year.

Revenues for the fiscal years ended April 30, 2005 and 2004 by geographic region were:

	Year ended April 30, 2005	Year ended April 30, 2004
United States	\$ 50,210,000	\$ 43,780,000
Europe	8,716,000	10,994,000
Other(principally Asia Pacific Region)	6,758,000	7,210,000
Consolidated	\$ 65,684,000	\$ 61,984,000

Cost of sales was \$49.8 million in fiscal 2005 or 75.8 percent of revenue compared to \$46.3 million or 74.7 percent of revenue in fiscal 2004. Fiscal 2005 cost of sales included royalty expense of approximately \$469,000, or 0.7% of revenue compared to \$1,058,000, or 1.7% of revenue in fiscal 2004. The 2004 royalty expense level was attributable to an agreement entered into with a company that allowed the Company to use their patented technology through the date of the agreement. The Company ceased manufacturing products using this technology in fiscal 2004. Management expects that cost of sales as a percentage of revenue will generally be approximately 75%, which is in line with its historical norm. Fluctuations either up or down of 3% or less in any given period are not unusual and can result from many factors, some of which are a rapid change in the price of DRAMs, a change in product mix possibly resulting from a large order or series of orders for a particular product or a change in customer mix.

Engineering and development costs amounted to \$1.3 million in both fiscal 2005 and fiscal 2004. The Company maintains its commitment to the timely introduction of new memory products.

Selling, general and administrative costs were \$10.7 million in fiscal 2005 versus \$12.0 million in fiscal 2004. This reduction in expense is primarily the result of reduced salary and employee related costs due to reduced workforce. Additionally, approximately \$560,000 of the expense reduction was from reduced levels of depreciation and amortization expenses as certain assets were fully depreciated in the prior year. The balance of expense reduction was primarily the result of reduced salary and employee related costs due to a lower workforce level.

Other income (expense), net for fiscal year 2005 totaled \$202,000 versus \$119,000 in fiscal 2004. Fiscal 2005 other income consisted primarily of \$94,000 of net interest income, \$33,000 of foreign currency transaction gains and \$75,000 of gains on sale of certain assets. Fiscal 2004 other income consisted primarily of \$6,000 of net interest income, \$47,000 of foreign currency transaction gains and \$66,000 of gains on sale of certain assets.

Income tax expense (benefit) for fiscal 2005 was (\$2.6 million) versus \$252,000 in fiscal 2004. After six successive quarters of profitability and review of its future operating plans, management concluded in April, 2005, that it is more likely than not that the Company will utilize all of its

net operating loss ("NOL") carry forwards. As a result, fiscal 2005 income tax benefit includes a reversal of the valuation allowance, totaling approximately \$2.6 million, that the Company had previously placed on its NOL carry forwards. Fiscal 2004 expense represents a provision for state income tax expense only as the Company utilized a portion of its NOL carry forwards to offset any federal tax due and therefore recorded no federal income tax expense. As of April 30, 2005, the Company has a NOL carry forward of approximately \$10.8 million which can be used to offset future

taxable income.

Fiscal 2004 Compared With Fiscal 2003

Revenues for fiscal 2004 were \$62.0 million compared to \$53.5 million in fiscal 2003. The growth in revenue came primarily from sales to OEMs, which accounted for approximately 36% of revenue in fiscal 2004, compared to approximately 16% in fiscal 2003. Revenues from the sale of memory for the compatibles market grew by approximately 5% to approximately \$39.7 million in fiscal 2004 from fiscal 2003. Overall volume as measured by gigabytes shipped increased by approximately 25% in fiscal 2004 from fiscal 2003. Average selling price per gigabyte declined by approximately 8% in fiscal 2004 compared to the prior year.

Cost of sales was \$46.3 million in fiscal 2004 or 74.7 percent of revenue compared to \$39.5 million or 73.9 percent of revenue in fiscal 2003. Fiscal 2004 cost of sales included royalty expense of approximately \$1,058,000, or 1.7% of revenue compared to \$464,000, or 0.8% of revenue in fiscal 2003. The 2004 increase is attributable to an agreement entered into with a company that allowed the Company to use their patented technology through the date of the agreement.

Engineering and development costs amounted to \$1.3 million in fiscal 2004 compared to \$1.5 million in fiscal 2003. The reduction in cost is primarily attributable to workforce reductions that occurred in fiscal 2003.

Selling, general and administrative costs were \$12.0 million in fiscal 2004 versus \$17.2 million in fiscal 2003. The decline in expense is primarily the result of savings in personnel costs as a result of restructurings that occurred in the first and fourth quarter of fiscal 2003. These restructurings resulted in workforce reductions of approximately 24% and 28%, respectively and were recorded as a separate expense totaling \$3.8 million in fiscal 2003. Additionally, in Fiscal 2003, the Company recorded a separate asset impairment charge of approximately \$11.5 million, primarily related to the write-off of its purchased goodwill, net of the effect of certain foreign exchange translation gains.

Other income (expense), net for fiscal year 2004 totaled \$119,000 versus (\$84,000) in fiscal 2003. Fiscal 2004 income consisted primarily of \$6,000 of net interest income, \$47,000 of foreign currency transaction gains and \$66,000 of gains on sale of certain assets. Fiscal 2003 other expense consisted of \$84,000 of net interest expense.

Income tax expense (benefit) for fiscal 2004 was \$252,000 versus (\$4.6 million) in fiscal 2003. Fiscal 2004 expense represents a provision for state income tax expense only as the Company utilized a portion of its federal NOL carry forwards to offset any federal tax due and therefore recorded no federal income tax expense.

Liquidity and Capital Resources

The Company's cash and working capital position remains strong. Working capital at the end of fiscal 2005 amounted to \$19.5 million, including cash and cash equivalents of \$9.3 million, compared to working capital of \$13.5 million, including cash and cash equivalents of \$6.8 million in fiscal 2004. Current assets at year end were 5.9 times current liabilities compared to 3.5 at the end of fiscal 2004.

Inventories at the end of fiscal 2005 were \$2.4 million compared to fiscal 2004 year end inventories of \$2.5 million. Inventory levels for both years are within a normal range relative to the Company's revenue levels.

The Company generated \$3.7 million of cash flows from operating activities primarily as a result of net earnings of \$6.7 million reduced by the non-cash deferred tax benefit of \$3.2 million. Cash used in investing activities totaled \$303,000 and consisted primarily of capital expenditures. Cash used in financing activities totaled \$938,000 and consisted primarily of common stock repurchases reduced by proceeds from stock option exercises of \$567,000.

Capital expenditures were \$316,000 in fiscal 2005 compared to \$160,000 in

fiscal 2004. Capital expenditures in both fiscal years were unusually low. Fiscal 2006 capital expenditures are expected to be between \$500,000 and \$600,000. At the end of fiscal 2005, contractual commitments for capital purchases were zero.

On June 15, 1999 the Company announced an open market repurchase plan providing for the repurchase of up to 500,000 shares of the Company's common stock. On December 4, 2002, the Company announced a second plan providing for the repurchase of up to an additional 500,000 shares. As of April 30, 2005, the total number of shares authorized for purchase under the program is 223,646 shares. The Company repurchased 311,504 shares of its common stock in fiscal 2005 at a total price of approximately \$1.5 million.

On June 21, 2004, the Company entered into a credit facility with a bank, which provides for up to a \$5 million revolving credit line. Advances under the facility are limited to 75% of eligible receivables, as defined in the agreement. The agreement provides for LIBOR rate loans and base rate loans at an interest rate no higher than the bank's base commercial lending rate. The Company is required to pay a commitment fee equal to 1/4 of one percent per annum on the unused commitment. The agreement contains certain restrictive covenants, specifically a trailing twelve month profitability requirement, a current asset to current liabilities ratio, a total liabilities to tangible net worth ratio and certain other covenants, as defined in the agreement. The agreement was amended on April 4, 2005. The effect of the amendment was to increase the limit of the Company's combined open market stock repurchases and dividend payments to \$2.5 million per year from \$1.0 million per year without prior waiver. The Company is in compliance with all covenants of the agreement and there were no borrowings against the credit line in fiscal 2005. The agreement expires on June 21, 2006. The Company intends to renew the agreement prior to the expiration date.

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Management believes that the Company's cash flows generated from operations 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.

On July 29, 2002, the Company entered into an agreement to sell its undeveloped land for a price of \$3.0 million. The agreement was amended on October 20, 2004. The amendment extended the term of the agreement to September 29, 2005. The agreement, as amended, provides for closing to occur no later than September 29, 2005. 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 consummation of the transaction and when all contingencies have been satisfied.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2005 are as follows:

	Operating leases
Year ending April 30:	
2006	\$ 465,000
2007	48,000
2008 and thereafter	0
	<u>\$ 513,000</u>

At April 30, 2005, the Company had open purchase orders outstanding totaling \$3.7 million, primarily for inventory items to be delivered in the first quarter of fiscal 2006. These purchase orders are cancelable.

Inflation has not had a significant impact on the Company's revenue and operations.

New Accounting Pronouncements

In December, 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"). SFAS 123R addresses the accounting for transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. SFAS 123R supersedes APB No. 25 and requires that such transactions be accounted for using a fair-value based method. SFAS 123R requires companies to recognize an expense for compensation cost related to share-based payment arrangements, including stock options and employee stock purchase plans. The Company is required to implement the proposed standard no later than May 1, 2006. The Company is currently evaluating option valuation methodologies and assumptions related to its stock compensation plans.

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4". SFAS 151, amends ARB 43, Chapter 4, to clarify that abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) should be recognized as current-period charges. In addition, this Statement requires that allocation of fixed production overheads to the cost of conversion be based on the normal capacity of the production facilities. The provisions of this Statement shall be effective for the Company beginning May 1, 2006. The Company does not believe that this statement will have a material effect on the Company's consolidated financial statements.

Critical Accounting Policies

In December 2001, the Securities and Exchange Commission ("SEC") published a Commission Statement in the form of Financial Reporting Release No. 60 which requested that all registrants discuss their most "critical accounting policies" in management's discussion and analysis of financial condition and results of operations. The SEC has defined critical accounting policies as those that are both important to the portrayal of a company's financial condition and results, and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. While the Company's significant accounting policies are summarized in Note 1 to the consolidated financial statements included in this Annual Report, it believes the following accounting policies to be critical:

Revenue Recognition- Revenue is recognized when title passes upon shipment of goods to customers. The Company's revenue earning activities involve delivering or producing goods. The following criteria are met before revenue is recognized: persuasive evidence of an arrangement exists, shipment has occurred, selling price is fixed or determinable and collection is reasonably assured. The Company does experience a minimal level of sales returns and allowances for which the Company accrues a reserve at the time of sale in accordance with SFAS No. 48, "Revenue Recognition When Right of Return Exists". Estimated warranty costs are accrued by management upon product shipment based on an estimate of future warranty claims.

Income Taxes-The Company utilizes the asset and liability method of accounting for income taxes in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes". Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax

assets will not be realized. At April 30, 2005, the Company considered certain tax planning strategies in its assessment as to the recoverability of its tax assets. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Under

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SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the tax rate changes.

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, including deferred tax asset valuation allowances and certain other reserves 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. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Some of the more significant estimates made by management include the allowance for doubtful accounts and sales returns, the deferred tax asset valuation allowance and other operating allowances and accruals. Actual results could differ from those estimates.

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 average principal sum invested was approximately \$7.7 million and the weighted average effective interest rate for these investments was approximately 1.5%. The Company's rate of return on its investment portfolio changes with short-term interest rates, although such changes will not affect the value of its portfolio. The Company's objective 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 (primarily Euros) to a limited number of customers and as such incurs some foreign currency risk. At any given time, approximately 5 to 10 percent of the Company's accounts receivable are denominated in currencies other than U.S. dollars. At present, the Company does not purchase forward contracts as hedging instruments, but could do so as circumstances warrant.

Common Stock Information

The Common Stock of the Company is traded on the NASDAQ National Market with the symbol "DRAM". The following table sets forth, for the periods indicated, the high and low prices for the Common Stock.

	2005		2004	
	High	Low	High	Low
First Quarter	\$10.39	\$ 6.40	\$ 3.98	\$ 2.42
Second Quarter	7.63	5.42	4.79	3.41
Third Quarter	7.10	5.27	7.12	3.75
Fourth Quarter	6.34	3.91	9.34	4.96

At April 30, 2005 there were approximately 7,000 shareholders.

On May 31, 2005 the Board of Directors approved a \$0.05 per share

quarterly dividend payable on June 29, 2005 to shareholders of record as of June 15, 2005. The Directors' intention is that this dividend is the first in a series of regular \$0.05 per share quarterly dividends.

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DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
April 30, 2005 and 2004
(In thousands, except share and per share amounts)

	2005	2004	
Assets			
Current assets:			
Cash and cash equivalents		\$ 9,281	\$ 6,806
Trade receivables, less allowance for doubtful accounts and sales returns of \$325 in 2005 and \$320 in 2004		8,397	8,846
Inventories:			
Raw materials	1,136	1,302	
Work in process	77	102	
Finished goods	1,156	1,133	
	2,369	2,537	
Deferred income taxes		3,258	723
Other current assets		130	92
Total current assets	23,435	19,004	
Deferred income taxes		630	-
Property and equipment:			
Land (held for sale)	875	875	
Machinery and equipment		12,205	11,934
	13,080	12,809	
Less accumulated depreciation and amortization		11,052	9,951
Net property and equipment	2,028	2,858	
Other assets	54	50	
	\$26,147	\$21,912	
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable		2,528	3,862
Accrued liabilities		1,438	1,646
Total current liabilities	3,966	5,508	
Stockholders' equity:			
Common stock, par value \$1.00 per share. Authorized 54,000,000 shares; issued and outstanding 8,361,500 in 2005 and 8,526,519 in 2004		8,361	8,527
Additional paid-in capital		4,566	4,676
Retained earnings		9,254	3,201
Total stockholders' equity	22,181	16,404	

Commitments and contingencies

\$26,147	\$21,912
<u>=====</u>	<u>=====</u>

See accompanying notes to consolidated financial statements.

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DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended April 30, 2005, 2004 and 2003
(In thousands, except per share amounts)

	2005	2004	2003
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Revenues	\$ 65,684	\$ 61,984	\$ 53,529
Costs and expenses:			
Cost of sales	49,816	46,311	39,529
Engineering and development	1,300	1,284	1,539
Selling, general and administrative	10,653	11,985	17,204
Restructuring charges	-	-	3,805
Asset impairment charge	-	-	11,535
	<u>61,769</u>	<u>59,580</u>	<u>73,612</u>
Earnings (loss) from operations	3,915	2,404	(20,083)
Other income (expense):			
Interest income	115	23	34
Interest expense	(21)	(17)	(118)
Currency gain	33	47	-
Other income	75	66	-
	<u>202</u>	<u>119</u>	<u>(84)</u>
Earnings(loss)before income tax expense (benefit)	4,117	2,523	(20,167)
Income tax expense (benefit)	(2,598)	252	(4,563)
Net earnings (loss)	<u>\$ 6,715</u>	<u>\$ 2,271</u>	<u>\$(15,604)</u>
Net earnings(loss) per common share:			
Basic	\$ 0.78	\$ 0.27	\$(1.84)
Diluted	<u>\$ 0.74</u>	<u>\$ 0.25</u>	<u>\$(1.84)</u>

See accompanying notes to consolidated financial statements.

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DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended April 30, 2005, 2004 and 2003

(In thousands)

2005 2004 2003

Cash flows from operating activities:

Net earnings (loss)	\$ 6,715	\$ 2,271	\$(15,604)
Adjustments to reconcile net earnings (loss)to net cash provided by operating activities:			
Asset impairment charge	-	-	11,535
Non-cash restructuring charges	-	-	1,003
Depreciation and amortization	1,133	1,847	3,925
Bad debt expense	38	7	152
Deferred income tax benefit	(3,165)	-	(1,294)
Changes in assets and liabilities:			
Decrease (increase) in trade and other receivables	411	(2,561)	5,033
Decrease in inventories	168	318	2,580
Decrease (increase) in income tax receivable	-	3,138	(2,438)
(Increase) decrease in other current assets	(38)	19	345
(Increase) decrease in other assets	(4)	(26)	384
Increase (decrease) in accounts payable	(1,334)	654	(3,490)
Increase (decrease) in accrued liabilities	(208)	(1,332)	1,290
Net cash provided by operating activities	3,716	4,335	3,421

Cash flows from investing activities:

Additions to property and equipment	(316)	(160)	(673)
Proceeds from sale of property and equipment	13	19	-
Net cash used in investing activities	(303)	(141)	(673)

Cash flows from financing activities:

Repayments under revolving line of credit	-	-	(3,800)
Purchase and subsequent cancellation of shares of common stock	(1,505)	-	(524)
Proceeds from sale of common shares under stock option plan (including tax benefits)	567	112	420
Net cash provided by (used in) financing activities	(938)	112	(3,904)

Net increase (decrease) in cash and cash equivalents	2,475	4,306	(1,156)
Cash and cash equivalents at beginning of year	6,806	2,500	3,656

Cash and cash equivalents at end of year	\$ 9,281	\$ 6,806	\$ 2,500
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Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$ 18	\$ 16	\$ 125
Income taxes	\$ 476	\$ 2	\$ 92

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
 Consolidated Statements of Stockholders' Equity and Comprehensive Income(loss)
 Years ended April 30, 2005, 2004 and 2003
 (In thousands, except share amounts)

	Additional Common stock	paid-in capital	Accumulated Retained earnings (loss)	Total other comprehens- ive income equity	holders' equity
Balance at April 30, 2002	\$ 8,494	\$ 4,405	\$ 16,830	\$ 99	\$ 29,828
Issuance of 166,200 shares under stock option plans, including income tax benefit of \$25	166	254	-	-	420
Purchase and subsequent cancellation of 162,600 shares	(163)	(65)	(296)	-	(524)
Comprehensive Income: Foreign exchange translation adjustment, net of tax	-	-	-	(99)	(99)
Net loss	-	-	(15,604)	-	(15,604)
 Total comprehensive loss			 (15,703)		
Balance at April 30, 2003	\$ 8,497	\$ 4,594	\$ 930	\$ -	\$ 14,021
Issuance of 29,300 shares under stock option plans, including income tax benefit of \$7	30	82	-	-	112
Net Income	-	-	2,271	-	2,271
Balance at April 30, 2004	\$ 8,527	\$ 4,676	\$ 3,201	\$ -	\$ 16,404
Issuance of 146,485 shares under stock option plans, including income tax benefit of \$122	146	421	-	-	567
Purchase and subsequent cancellation of 311,504 shares	(312)	(531)	(662)	-	(1,505)
Net Income	-	-	6,715	-	6,715
Balance at April 30, 2005	\$ 8,361	\$ 4,566	\$ 9,254	\$ -	\$ 22,181

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
(Dollars in thousands, except per share amounts)

(1) Significant Accounting Policies

Description of Business

Dataram Corporation is a worldwide provider of server and workstation memory. The Company offers a specialized line of gigabyte-class memory for entry to enterprise-level servers and workstations as well as customized memory solutions for original equipment manufacturers.

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.

Until the closure of the Company's manufacturing operations in Denmark in the fourth quarter of fiscal 2003, the financial statements of its foreign subsidiaries were translated using the local currency as their functional currency. That is, assets and liabilities of the foreign subsidiaries were translated using the exchange rates in effect at the date of the balance sheet while the results of operations of those foreign subsidiaries were translated using the average exchange rates in effect for each year. Differences arising upon translation were then included as part of accumulated other comprehensive income (loss) in the Consolidated Statements of Stockholders' Equity and Comprehensive Income (loss). The closure of the operations in Denmark required the reversal of the balance in the cumulative foreign currency translation account in accumulated other comprehensive income (loss) since this event represented a substantial liquidation of those operations and such amount is included in the computation of the overall loss on the transaction (see note 2). Subsequently, the Company's foreign subsidiaries' act only as sales offices which are deemed to be essentially branches of the US company and the functional currency of these sales offices is considered to be the US dollar. Accordingly, from the date of this change, any amounts denominated in a currency other than the US dollar are being recorded at the balance sheet rate of exchange and gains and losses arising from changes in foreign currency rates for those assets and liabilities are being reported in the consolidated statements of operations.

Cash and Cash Equivalents

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

Inventory

Inventories are stated at the lower of cost or market, with cost determined by the first-in, first-out method.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is generally computed on the straight-line basis. Depreciation and amortization rates are based on the estimated useful lives or lease terms for capital leases, whichever is shorter, which range from three to five years for machinery and equipment. When property or equipment is retired or otherwise disposed of, related costs and accumulated depreciation are removed from the accounts.

Repair and maintenance costs are charged to operations as incurred.

Goodwill and Acquired Intangible Assets

In accordance with Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets", goodwill and intangible assets with indefinite useful lives are no longer amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with finite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment periodically.

On April 28, 2003, the Company restructured its worldwide operations. As part of the restructuring, the Company closed its production facility in Aarhus, Denmark. As a consequence of this action, the Company concluded that the estimated fair value of its acquired business had no remaining value and the Company wrote-off its purchased goodwill of approximately \$11.1 million (see note 2).

Long-Lived Assets

Long-lived assets consist of property, plant and equipment. SFAS No. 144 provides a single accounting model for long-lived assets to be disposed of. SFAS No. 144 also changes the criteria for classifying an asset as held for sale, broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations.

In accordance with SFAS No. 144, long-lived assets, such as property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less cost to sell, and no longer depreciated.

The Company reviews long-lived assets for impairment whenever events or changes in business circumstances occur that indicate that the carrying amount of the assets may not be recoverable. Impairments are recognized when the expected future undiscounted cash flows derived from such assets are less than their carrying value. For such cases, losses are recognized for the difference between the fair value and the carrying amount. The Company considers various valuation factors, principally discounted cash flows, to assess the fair values of long-lived assets.

Revenue Recognition

Revenue is recognized when title passes upon shipment of goods to customers. The Company's revenue earning activities involve delivering or producing goods. The following criteria are met before revenue is recognized: persuasive evidence of an arrangement exists, shipment has occurred, selling price is fixed or determinable and collection is reasonably assured. The Company does experience a minimal level of sales returns and allowances for which the Company accrues a reserve at the time of sale in accordance with SFAS No. 48, "Revenue Recognition When Right of Return Exists".

Product Development and Related Engineering

The Company expenses product development and related engineering costs as incurred. Engineering effort is directed to the development of new or improved products as well as ongoing support for existing products.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes". Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the tax rate changes.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. 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.

In fiscal 2005, sales to one customer accounted for approximately 33% of revenues and 32% of accounts receivable at April 30, 2005. In fiscal 2004, sales to one customer accounted for approximately 22% of revenues. In fiscal 2003 no customer generated revenues of 10% or greater.

Net Earnings/(Loss) Per Share

Net Earnings/(Loss) Per Share is presented in accordance with SFAS No. 128, "Earnings Per Share". Basic net earnings/(loss) per share is calculated by dividing net earnings/(loss) by the weighted average number of common shares outstanding during the period. Diluted net earnings per share in fiscal 2005 and 2004 was calculated in a manner consistent with basic net earnings per share except that the weighted average number of common shares outstanding also includes the dilutive effect of stock options outstanding (using the treasury stock method). During fiscal 2003, the Company excluded the dilutive effect of options to purchase 1,515,350 shares of common stock in the calculation of diluted net loss per share because they were anti-dilutive. As such, the numerator and denominator used in computing basic and diluted net loss per share were equal.

The following presents a reconciliation of the numerator and denominator used in computing Basic and Diluted net earnings per share for fiscal 2005 and 2004.

	Year ended April 30, 2005		
	Earnings (numerator)	Shares (denominator)	Per share amount
	_____	_____	_____
Basic net earnings per share			
- net earnings and weighted average common shares outstanding	\$ 6,715	8,571,000	\$.78
Effect of dilutive securities			
- stock options	-	541,000	
Diluted net earnings per share			
- net earnings, weighted average common shares outstanding and effect of stock options	\$ 6,715	9,112,000	\$.74
	=====	=====	=====

	Year ended April 30, 2004		
	Earnings (numerator)	Shares (denominator)	Per share amount
	_____	_____	_____

Basic net earnings per share
 - -net earnings and weighted
 average common shares
 outstanding \$ 2,271 8,502,000 \$.27

Effect of dilutive securities
 - -stock options - 405,000

Diluted net earnings per share
 - -net earnings, weighted
 average common shares
 outstanding and effect of
 stock options \$ 2,271 8,907,000 \$.25

Diluted net earnings (loss) per common share does not include the effect of options to purchase 443,700 shares of common stock for the year ended April 30, 2005 because they are anti-dilutive.

Diluted net earnings (loss) per common share does not include the effect of options to purchase 463,080 shares of common stock for the year ended April 30, 2004 because they are anti-dilutive.

Product Warranty

The majority of the Company's products are intended for single use; therefore, the Company requires limited product warranty accruals. The Company accrues estimated product warranty cost at the time of sale and any additional amounts are recorded when such cost are probable and can be reasonably estimated.

	Balance Beginning of Year	Charges to Costs and Expenses	Balance End Deductions of Year	
Year Ended April 30, 2005	\$ 54	9	(9)	\$ 54
Year Ended April 30, 2004	\$ 54	26	(26)	\$ 54
Year Ended April 30, 2003	\$ 54	23	(23)	\$ 54

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.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to market data and other valuation techniques as appropriate. The Company believes that there is no material difference between the fair value and the reported amounts of financial instruments in the consolidated balance

sheets.

Stock Based Compensation

At April 30, 2005, the Company has stock-based employee and director compensation plans, which are described more fully in Note 5. The Company accounts for those plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock-based compensation cost is reflected in net income for stock options, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of the grant.

The following table illustrates the effect on net earnings (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") to stock-based employee compensation:

	Years ended April 30		
	2005	2004	2003
Net earnings (loss), as reported	\$ 6,715	\$ 2,271	\$(15,604)
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards, net of tax	(97)	(784)	(885)
Pro forma net earnings (loss)	\$ 6,618	\$ 1,487	\$(16,489)
Basic and diluted net earnings (loss) per common share:			
Basic:			
As reported	\$.78	\$.27	\$(1.84)
Pro forma under SFAS 123	.77	.17	(1.94)
Diluted:			
As reported	\$.74	\$.25	\$(1.84)
Pro forma under SFAS 123	.73	.17	(1.94)

The 2005 expense includes a pro forma tax benefit from the reversal of the valuation allowance on certain pro forma net operating losses from previous years.

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The fair value of each stock option granted during the year is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	2005	2004	2003
Expected life (years)	7.5	7.5	7.5
Expected volatility	52%	57%	72%
Expected dividend yield	-	-	-
Risk-free interest rate	3.0%	3.0%	5.0%
Weighted average fair value of options granted during the year	\$ 3.22	\$ 2.50	\$ 2.19

(2) Restructuring of Operations

During the fourth quarter of fiscal 2003, the Company announced a restructuring of its operations. As part of this restructuring, the

Company closed its production facility in Aarhus, Denmark, which was acquired as part of an acquisition of a business in 2001. The Company consolidated all manufacturing into its facility located in Bucks County, Pennsylvania. As a result, the Company reduced its workforce by approximately 28 percent and incurred a consolidated pretax charge of approximately \$3,800 in the fourth quarter of fiscal 2003, which consisted primarily of additional depreciation and amortization of fixed assets in Denmark, a provision for leasehold impairment, a write down of inventory and severance payments. Additionally, the Company wrote-off its purchased goodwill from the 2001 acquisition of \$11,144. Of these amounts, \$300 was charged to cost of sales, with the balance recorded as restructuring charges of \$3,065 million and asset impairment charges of \$11,535, which is net of the effect of certain foreign exchange translation gains. Additional restructuring charges, primarily related to severance costs, of \$740 were recorded in June, 2002 and were paid in fiscal 2003. The Company entered into lease termination agreements totaling approximately \$1,000 and had severance obligations totaling approximately \$850. The lease termination and severance obligations were paid in fiscal 2004.

(3) Long-Term Debt

On June 21, 2004, the Company entered into a two year credit facility with a bank, which provides for up to a \$5,000 revolving credit line. Advances under the facility are limited to 75% of eligible receivables, as defined in the agreement. The agreement provides for LIBOR rate loans and base rate loans at an interest rate no higher than the bank's base commercial lending rate. The Company is required to pay a commitment fee equal to 1/4 of one percent per annum on the unused commitment. The agreement contains certain restrictive covenants, specifically a trailing twelve month profitability requirement, a current asset to current liabilities ratio, a total liabilities to tangible net worth ratio and certain other covenants, as defined in the agreement which the Company was in compliance with at April 30, 2005. The agreement was amended on April 4, 2005. The effect of the amendment was to increase the limit of the Company's combined open market stock repurchases and dividend payments to \$2,500 per year from \$1,000 per year without prior waiver. During fiscal 2005, there were no borrowings under the credit facility. The Company is in compliance with all covenants of the agreement and there were no borrowings against the credit line in fiscal 2005.

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(4) Income Taxes

Income tax expense(benefit)for the years ended April 30 consists of the following:

	2005	2004	2003	
	-----	-----	-----	
Current:				
Federal	\$ 82	\$ 47	\$ (3,307)	
Foreign	-	-	37	
State	169	205	1	
	-----	-----	-----	
	251	252	(3,269)	
Deferred:				
Federal	(2,849)	-	(1,247)	
Foreign	-	-	-	
State	-	-	(47)	
	-----	-----	-----	
	(2,849)	-	(1,294)	
Total income tax expense (benefit)	-----	-----	-----	\$ (4,563)
	=====	=====	=====	

The actual income tax expense (benefit) differs from "expected" tax expense (benefit) (computed by applying the U. S. corporate tax rate of 35% to earnings before income taxes) as follows:

	2005	2004	2003
	<u> </u>	<u> </u>	<u> </u>
Computed "expected" tax expense(benefit)	\$ 1,441	\$ 883	\$(7,058)
State income taxes(net of Federal income tax benefit)	112	150	(30)
Difference in federal graduated rates	(41)	-	202
Foreign taxes	-	-	37
Change in valuation allowance	(2,569)	-	2,504
Utilization of net operating Losses	(1,217)	(1,191)	-
Alternative minimum tax	-	232	-
Other	(324)	178	(218)
	<u> </u>	<u> </u>	<u> </u>
	\$(2,598)	\$ 252	\$(4,563)
	<u> </u>	<u> </u>	<u> </u>

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The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	2005	2004
	<u> </u>	<u> </u>
Deferred tax assets:		
Compensated absences, principally due to accrual for financial reporting purposes	\$ 155	\$ 94
Accounts receivable, principally due to allowance for doubtful accounts and sales returns	120	119
Property and equipment, principally due to differences in depreciation	61	142
Inventory	200	143
Foreign tax credit	53	-
Domestic net operating losses	3,689	4,944
Alternative minimum tax	273	217
Total gross deferred tax assets	<u> </u>	<u> </u>
	4,551	5,659
Less valuation allowance	<u> </u>	<u> </u>
	-	(3,777)
	<u> </u>	<u> </u>
Net deferred tax asset	4,551	1,882
Deferred tax liabilities:		
Investment in wholly-owned subsidiary, principally due to unremitted earnings of DISC	(663)	(663)
Other	-	(496)
Total gross deferred tax liabilities	<u> </u>	<u> </u>
	(663)	(1,159)
Net deferred tax assets	<u> </u>	<u> </u>
	\$ 3,888	\$ 723
	<u> </u>	<u> </u>

During fiscal 2005, the Company recognized deferred tax assets since management now believes that it is more likely than not that such assets will be realized through future taxable income or certain tax planning strategies. The Company has U.S. net operating loss carry forwards of approximately \$10,849, which can be used to offset income through 2023.

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(5) Stock Option Plans

The Company has a 1992 incentive and non-statutory stock option plan for the purpose of permitting certain key employees to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. In general, the plan allowed granting of up to 2,850,000 shares, adjusted for stock splits, of the Company's common stock at an option price to be no less than the fair market value of the stock on the date such options are granted. Under option agreements granted under the plan, the holder of the option may purchase 20% of the common stock with respect to which the option has been granted on or after the first anniversary of the date of the grant and an additional 20% of such shares on or after each of the four succeeding anniversary dates. At April 30, 2005, 806,410 of the outstanding options are exercisable. No further options may be granted under this plan.

The Company also has a 2001 incentive and non-statutory stock option plan for the purpose of permitting certain key employees to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. In general, the plan allows granting of up to 1,800,000 shares of the Company's common stock at an option price to be no less than the fair market value of the Company's common stock on the date such options are granted. Currently, options granted under the plan vest ratably on the annual anniversary date of the grants. Vesting periods for options currently granted under the plan range from one to four years. At April 30, 2005, 165,225 of the outstanding options are exercisable.

The status of the plans for the three years ended April 30, 2005, is as follows:

Options Outstanding			
	Exercise price	Weighted average	
Shares	per share	exercise price	
Balance April 30, 2002	1,443,050	\$ 1.708-24.250	\$ 4.785
Granted	156,800	2.990-3.830	3.017
Exercised	(156,000)	1.708-2.375	2.349
Cancelled	(108,500)	2.990-24.250	7.440
Balance April 30, 2003	1,335,350	1.708-24.250	4.646
Granted	130,000	4.090	4.090
Exercised	(29,300)	2.990-3.604	3.573
Cancelled	(69,850)	2.990-24.250	7.641
Balance April 30, 2004	1,366,200	1.708-24.250	4.463
Granted	120,500	6.500-6.750	6.729
Exercised	(153,450)	1.708-7.980	3.474
Cancelled	(78,400)	2.990-24.250	10.539
Balance April 30, 2005	1,254,850	\$ 1.708-24.250	\$ 4.422

The Company also granted non-qualified options to acquire 150,000 shares of common stock to certain employees. These options are exercisable at a price of \$9.875 per share, which represents the fair value at the date of grant and expire ten years after the date of grant. Of each option, 20% are exercisable on or after the first anniversary of the date of the grant and an additional 20% on or after each of the four succeeding anniversary dates. During fiscal year 2003, 50,000 of these shares were cancelled. At April 30, 2005, 80,000 of the outstanding options are exercisable.

The Company also periodically grants nonqualified stock options to non-employee directors of the Company. These options are granted for the purpose of retaining the services of directors who are not employees of

the Company and to provide additional incentive for such directors to work to further the best interests of the Company and its shareholders. The options granted to these non-employee directors are exercisable at a price representing the fair value at the date of grant, and expire ten years after date of grant. Of each option, 100% are exercisable one year after the date of grant. At April 30, 2005, 112,000 of the outstanding options are exercisable.

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The status of the non-employee director options for the three years ended April 30, 2005, is as follows:

Options Outstanding			
	Shares	Exercise price per share	Weighted average exercise price
Balance April 30, 2002	204,750	\$ 2.313-7.980	\$ 3.822
Granted	40,000	2.990	2.990
Exercised	(10,000)	2.813	2.813
Cancelled	(154,750)	2.813	2.813
Balance April 30, 2003	80,000	2.990-7.980	5.485
Granted	40,000	4.090	4.090
Exercised	-	-	-
Cancelled	-	-	-
Balance April 30, 2004	120,000	2.990-7.980	5.020
Granted	40,000	6.750	6.750
Exercised	(16,000)	2.990-4.090	3.540
Cancelled	-	-	-
Balance April 30, 2005	144,000	\$ 2.990-7.980	\$ 5.665

The following table summarizes information about stock options outstanding at April 30, 2005:

Options outstanding		Options exercisable	
Range of exercise price	Number out- standing at April 30, 2005	Number Weighted average remaining contractual life	Number exercis- able at April 30, 2005
\$1.708- 2.813	632,300	2.21	632,300
2.990- 3.604	257,500	5.25	203,600
4.090- 7.980	470,950	6.34	217,675
9.875-11.380	102,100	5.92	81,260
24.250	36,000	5.25	28,800
\$1.708-24.250	1,498,850	4.35	1,163,635

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(6) Accrued Liabilities

Accrued liabilities consist of the following at April 30:

2005 2004

Severance costs (1)	\$ 438	\$ -
Payroll, including vacation	296	344
Taxes	163	136
Royalties (See note 7)	80	755
Commissions	135	125
Other	326	286
	<u>\$ 1,438</u>	<u>\$ 1,646</u>

(1) To be paid in fiscal 2006.

(7) Commitments

Leases

The Company and its subsidiaries occupy various facilities and operate various equipment under operating lease arrangements. Rent charged to operations pursuant to such operating leases amounted to approximately \$840 in 2005, \$692 in 2004 and \$1,552 in 2003.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2005 are as follows:

Year ending April 30:	Operating Leases
2006	\$ 465
2007	48
2008 and thereafter	-
	<u>Total minimum lease payments \$ 513</u>

At April 30, 2005, the Company had open purchase orders outstanding totaling \$3,661 primarily for inventory items to be delivered in the first quarter of fiscal 2006. These purchase orders are cancelable.

License Agreements

The Company has entered into certain licensing agreements with varying terms and conditions. The Company is obligated to pay royalties on certain of these agreements. In fiscal 2004, an agreement was reached with another company to use their patented technology through the date of the agreement. Royalties totaling \$660 were accrued in fiscal 2004 and paid in fiscal 2005. The Company ceased using this technology in fiscal 2004.

Legal Proceedings

The Company is not involved in any claim or legal action, which in the opinion of management, would have a material effect on the Company's consolidated financial position, results of operations or liquidity.

(8) Employee Benefit Plan

The Company has a defined contribution plan (the Plan) which is available to all qualified employees. Employees may elect to contribute a portion of their compensation to the Plan, subject to certain limitations. The Company contributes a percentage of the employee's contribution, subject to a maximum of 6 percent of the employee's eligible compensation, based on the employee's years of service. The Company's matching contributions aggregated approximately \$268, \$273 and \$258 in 2005, 2004 and 2003, respectively.

(9) Revenues by Geographic Location

The Company operates in one business segment and develops, manufactures and markets a variety of memory systems for use with servers and workstations which are manufactured by various companies. Revenues and total assets for 2005, 2004 and 2003 by geographic region is as follows:

	United States	Europe	Other	Consolidated
April 30, 2005				
Revenues	\$ 50,210	\$ 8,716	\$ 6,758	\$ 65,684
Total assets	\$ 25,866	\$ 281	\$ 0	\$ 26,147
Long lived assets	\$ 2,028	\$ 0	\$ 0	\$ 2,028
April 30, 2004				
Revenues	\$ 43,780	\$ 10,994	\$ 7,210	\$ 61,984
Total assets	\$ 20,963	\$ 949	\$ 0	\$ 21,912
Long lived assets	\$ 2,811	\$ 47	\$ 0	\$ 2,858
April 30, 2003				
Revenues	\$ 29,495	\$ 13,180	\$ 10,854	\$ 53,529
Total assets	\$ 15,398	\$ 4,809	\$ 0	\$ 20,207
Long lived assets	\$ 4,473	\$ 91	\$ 0	\$ 4,564

(10) Quarterly Financial Data (Unaudited)

Fiscal 2005	Quarter Ended			
	July 31	October 31	January 31	April 30
Revenues	\$15,791	\$20,322	\$14,431	\$15,140
Gross profit	4,051	4,506	3,010	4,301
Net earnings	1,167	1,526	147	3,875
Net earnings per diluted common and common equivalent share	.13	.17	.02	.44

Fiscal 2004	Quarter Ended			
	July 31	October 31	January 31	April 30
Revenues	\$12,267	\$12,638	\$17,131	\$19,948
Gross profit	3,449	3,006	4,208	5,010
Net earnings(loss)	171	(162)	732	1,530
Net earnings(loss)per diluted common and common equivalent share	.02	(.02)	.08	.17

Earnings (loss) per share is calculated independently for each quarter and therefore may not equal the total for the year.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Dataram Corporation:

We have audited the accompanying consolidated balance sheets of Dataram Corporation and subsidiaries as of April 30, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the

three-year period ended April 30, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dataram Corporation and subsidiaries as of April 30, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 2005, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Short Hills, New Jersey
July 8, 2005

Selected Financial Data

(Not covered by independent auditors' report)
(In thousands, except per share amounts)

Years Ended April 30,	2005	2004	2003	2002	2001
Revenues	\$ 65,684	\$ 61,984	\$ 53,529	\$ 81,190	\$ 130,577
Net earnings (loss)	6,715	2,271	(15,604)	(8,101)	8,595
Basic earnings (loss) per share	.78	.27	(1.84)	(.95)	1.01
Diluted earnings (loss) per share	.74	.25	(1.84)	(.95)	.88
Current assets	23,435	19,004	15,619	21,800	34,690
Total assets	26,147	21,912	20,207	42,562	65,281
Current liabilities	3,966	5,508	6,186	8,287	14,157
Long-term debt	-	-	-	3,800	10,000
Total stockholders' equity	22,181	16,404	14,021	29,828	38,043
Cash dividends (1)	-	-	-	-	-

(1) On May 31, 2005 the Board of Directors approved a \$0.05 per share quarterly dividend payable on June 29, 2005 to shareholders of record as of June 15, 2005. The Directors' intention is that this dividend is the first in a series of regular \$0.05 per share quarterly dividends.

DIRECTORS AND CORPORATE OFFICERS

Directors

Robert V. Tarantino
Chairman of the Board of Directors,
President and Chief Executive Officer
of Dataram Corporation

Thomas A. Majewski*
Principal, Walden Inc.

Bernard L. Riley*
Private Investor

Roger C. Cady*
Principal, Arcadia Associates

*Member of audit committee

Corporate Officers

Robert V. Tarantino
President and Chief Executive Officer

Mark E. Maddocks
Vice President, Finance and
Chief Financial Officer

Jeffrey H. Duncan
Vice President of Manufacturing
and Engineering

Anthony M. Lougee
Controller

Thomas J. Bitar
Secretary
Member, Dillon, Bitar & Luther, L.L.C.

Corporate Headquarters

Dataram Corporation
186 Princeton Road (Route 571)
West Windsor, NJ 08550
609-799-0071

Auditors

KPMG LLP
Short Hills, NJ

General Counsel

Dillon, Bitar & Luther, L.L.C.
Morristown, NJ

Transfer Agent and Registrar

Wachovia Bank
Customer Information Center
1525 West W.T. Harris Boulevard

Building 3C3
Charlotte, NC 28288

Stock Listing

Dataram's common stock is listed on the NASDAQ with the trading symbol DRAM.

Annual Meeting

The annual meeting of shareholders will be held on Tuesday, September 13, 2005, at 2:00 p.m. at Dataram's corporate headquarters at:
186 Princeton Road (Route 571)
West Windsor, NJ 08550

Form 10-K

A copy of the Company's annual report on Form 10-K filed with the Securities & Exchange Commission is available without charge to shareholders.

Address requests to:

Vice President, Finance
Dataram Corporation
186 Princeton Road (Route 571)
West Windsor, NJ 08550

Corporate Headquarters
Dataram Corporation
186 Princeton Road (Route 571)
West Windsor, NJ 08550
Toll Free: 800-DATARAM
Phone: 609-799-0071
Fax: 609-799-6734
www.dataram.com

Exhibit 23(a)

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Dataram Corporation:

We consent to incorporation by reference in the Registration Statement (No. 33-56282) on Form S-8 of Dataram Corporation and subsidiaries of our reports dated July 8, 2005, relating to the consolidated balance sheets of Dataram Corporation and subsidiaries as of April 30, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended April 30, 2005, and the related financial statement schedule which reports appear in the April 30, 2005 annual report on Form 10-K of Dataram Corporation.

KPMG LLP

Short Hills, New Jersey
July 27, 2005

Exhibit 31(a)

Rule 13a-14(d) Certification

I, Robert V. Tarantino, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended April 30, 2005 of Dataram Corporation;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2005

ROBERT V. TARANTINO

Robert V. Tarantino, President,
Chief Executive Officer and
Chairman of the Board of Directors
(Principal Executive Officer)

Exhibit 31(b)

Rule 13a-14(d) Certification

I, Mark E. Maddocks, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended April 30, 2005 of Dataram Corporation;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2005

MARK E. MADDOCKS

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

Exhibit 32(a)

Section 1350 Certification
of
Robert V. Tarantino

I certify that the Annual Report on Form 10-K of Dataram Corporation for the fiscal year ended April 30, 2005 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that information contained in the periodic report fully presents, in all material respects, the financial condition and results of operations of Dataram Corporation.

July 27, 2005

ROBERT V. TARANTINO

Robert V. Tarantino, Chairman,
President and Chief Executive Officer

Exhibit 32(b)

Section 1350 Certification
of
Mark E. Maddocks

I certify that the Annual Report on Form 10-K of Dataram Corporation for the fiscal year ended April 30, 2005 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended, and that information contained in the periodic report fully presents, in all material respects, the financial condition and results of operations of Dataram Corporation.

July 27, 2005

MARK E. MADDOCKS

Mark E. Maddocks
Vice President, Finance and
Chief Financial Officer