SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One) FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended April 30, 1997.

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
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:

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 Par Value	American Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark 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. [ ]

The aggregate market value of the Common Stock held by non-affiliates of the registrant on July 23, 1997 was $27,953,272.

The number of shares of Common Stock outstanding on July 25, 1997: 3,050,405 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Definitive Proxy Statement for Annual Meeting of Shareholders to be held on September 10, 1997 (the "Definitive Proxy Statement") to be filed within 120 days of the end of the fiscal year.

(2) 1997 Annual Report.

DATARAM CORPORATION
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PART I

Item 1. BUSINESS

(a) General Development of Business.

Dataram develops, manufactures and markets computer add-in memory products for use with workstations, servers and minicomputers. The Company's add-in memory products expand the capacity and extend the economic useful life of the installed base of computers manufactured by Sun Microsystems, Inc. ("Sun"), Hewlett-Packard Company ("HP"), Digital Equipment Corporation ("DEC"), Silicon Graphics, Compaq Computer and International Business Machines Corporation ("IBM") (RS/6000 line). Dataram products are not intended for use with high end mainframe computers.

In fiscal 1997 the Company saw a continuing decline in the price it pays for random access memory ("RAM"), which is the principal component of the memory boards it sells. As a direct consequence, the prices for the memory boards the Company sells also declined. Thus, notwithstanding substantial increases in units shipped, Company revenues declined. As in 1996, but unlike prior years, RAM has been available in large quantities from various manufacturers on a rapid basis. Consequently, the Company does not need to maintain large inventory levels to service its customers.

The Company was incorporated in New Jersey in 1967 and made an initial public offering in 1968. Its Common Stock has been listed for trading on the American Stock Exchange since 1981.

The Company's principal executive office is located at P.O. Box 7528, Princeton, New Jersey 08543-7528 and its telephone number is (609) 799-0071, its fax is (609) 936-1689 and its website is http://www.dataram.com.

(b) Financial Information about Industry Segments.

The Company operates in one industry segment. For information concerning revenues, net revenues, net earnings, and identifiable assets, see Note 9 of Notes to Consolidated Financial Statements, under the heading "Segment Information - Operations and Assets by Geographic Locations."

(c) Narrative Description of Business.

Dataram develops, manufactures and markets a variety of add-in memory products for use with workstations and servers, including those sold by Sun, HP, DEC, Silicon Graphics, Compaq and the RS/6000 line of workstations sold by IBM. The Company sells add-in memory products both for new machines and for the installed base of these classes of computers at prices less than the computer manufacturer. The Company's customers are primarily distributors, value added resellers and larger end-users.

Industry Background

The market for independently manufactured add-in memory began in the early 1970's with the introduction of core memory expansions for DEC computers. During the late 1970's semiconductor technology emerged as the dominant technology for use in computer memories, displacing magnetic core memories.

The minicomputer was pioneered by DEC in the late 1960's and early 1970's as a lower cost, localized system which could be used to service a small department of a company and provide independence from centralized mainframes. This decentralized approach to satisfying computing needs gained immediate popularity with the engineering and scientific community and later with the general business community. A large installed base of minicomputer systems remains in place, although this base is now declining.

The workstation, like the PC, is designed to provide computer resources to individual users. The workstation differs from the PC in providing substantially greater computational performance, input/output capability and graphic display. An important use of workstations today is as a host of web sites on the Internet. As workstation technology has matured, the capabilities for multiple users per workstation and multiple workstations networked together have developed. As a result of this networking capability, a new class of computer system, the server, has emerged.

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 add-in memory products to end users of the installed base of workstations and servers sold by Sun, HP, DEC, Silicon Graphics, Compaq and the RS/6000 line of workstations sold by IBM.

The "open system" philosophy espoused by 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. As a result memory margins are small.

Generally, growth in add-in memory markets closely follows both the growth in unit shipments of system vendors and the growth of memory requirements per system.

Business Strategy

In addition to taking advantage of the growing market for workstations and servers, Dataram has a two pronged strategy to increase sales.

Market Penetration

Management estimates that sales by system vendors constitute 75% of the add-in 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 established a dedicated and highly automated manufacturing facility that is designed to produce and ship customer orders within twenty four hours or less.

Geographic Expansion

Approximately 73% of Dataram's fiscal 1997 revenues were derived from sales in the United States with the remainder principally in Western Europe, Canada and the Asian Pacific region. The Company intends to capitalize on the system vendors' growth of business in Europe and Asia by providing add-in memory for the systems being sold in these markets.

Products

The Company's principal business is the development, manufacture and marketing of memory boards and modules which can be added to workstations and servers 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 Channels

Dataram sells its add-in memory products in the United States to distributors, value added resellers and larger end-users principally through its telesales staff located in Princeton, New Jersey. The Company also markets its add-in memory products in Canada, Western Europe and the Asian Pacific region through a network of independent distributors supported by marketing offices in the U.K. and Singapore.

Product Warranty and Service

Management believes that the Company's reputation for the reliability of its add-in 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 add-in 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.

Engineering and Development

The Company's ability to compete successfully depends upon its ability to identify new add-in 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 add-in memory products and subjects them to reliability testing procedures. During its fiscal year ended April 30, 1997, the Company incurred costs of $1,030,000 for engineering and product development compared to $1,584,000 in fiscal 1996 and $2,484,000 in fiscal 1995.

Manufacturing

The Company purchases standard dynamic random access memory ("DRAM") chips. The costs of such chips is approximately 95% of the total manufacturing cost of add-in 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 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. The availability of parts within hours of a manufacturing release is normally assured by means of blanket procurements for items such as printed circuit boards and DRAM chips.

The Company assembles its memory boards at a leased site staffed by an independent contractor. Memory boards are then rigorously tested in the Company's quality assurance program.

Backlog

The Company expects that all backlog on hand will be filled during the current fiscal year. The Company believes that backlog is generally not material to its business since the Company usually ships its add-in memory products on the same day an order is received.

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, DEC, Silicon Graphics, Compaq and IBM, 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 in 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 30 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 and service 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.

Sale of add-in memory products for systems which use proprietary memory design can from time to time give rise to claims of copyright or patent infringement. In such instances the Company has obtained the opinion of patent counsel that its products do not violate such patents or copyrights.

To the best of the Company's knowledge and belief, no Company product infringes any valid copyright or patent. However, the Company is presently in litigation on that issue (See "Legal Proceedings"). 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, 1997, the Company had 60 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.

Environment

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 1998) or the succeeding fiscal year (fiscal 1999).

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

For information regarding each of the past three fiscal years with respect to net revenues to unaffiliated customers in the United States and foreign countries, net earnings, and identifiable assets located in the United States, see Note 9 of Notes to Consolidated Financial Statements under the heading "Segment Information - Operations and Assets by Geographic Locations."

Item 2. Properties

The Company leases approximately 48,050 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, 2001.

The Company leases an assembly plant in Northampton Township, Pennsylvania. The lease expires on January 31, 2000 but the Company has a one-year renewal option.

The Company also leases one sales office located in California, a marketing office in England and a marketing office in Singapore.

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. This property is approximately five miles from the Company's current leased facilities. The Company does not expect to use this property in its business and it is currently for sale.

Item 3. Legal Proceedings

SUN MICROSYSTEMS, INC. V. DATARAM CORPORATION, United States District Court for the Northern District of California, San Jose Division. In August of 1996 the plaintiff filed suit alleging infringement of five U.S. Patents allegedly infringed by Dataram in the manufacture of single in-line memory modules ("SIMM's") for use in workstations and servers manufactured by Sun Microsystems, Inc. The plaintiff seeks both an injunction and damages. The Company has answered this complaint denying the infringement as a matter of fact and also alleging the invalidity of the patents both in light of prior art in the field and for fraud upon the U.S. Patent Office by the plaintiff. The Company also has filed counterclaims against the plaintiff alleging among other matters antitrust violations, intentional interference with contractual relationships, and product disparagement by the Plaintiff. The matter is in the discovery stage.

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 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 1997 Annual Report under the caption "Common Stock Information" at page 5.

Item 6. Selected Financial Data

Incorporated by reference herein is the information set forth in the 1997 Annual Report under the caption "Selected Financial Data" at page 16.

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 1997 Annual Report under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" at page 3 through page 5.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Schedule Page in Annual

Report*

Consolidated Financial Statements:

Page in
Financial Statement Schedule: 10-K

All other schedules are omitted as the required information is inapplicable or because the required information is shown in the financial statements or notes thereto.

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*Incorporated herein by reference.

<TABLE>

Schedule VIII

DATARAM CORPORATION AND SUBSIDIARIES

Valuation and Qualifying Accounts

Years ended April 30, 1997, 1996 and 1995

Description	Balance at beginning of period	Additions charged to costs and expenses	Deductions from reserves*	Balance at close of period
<S>	<C>	<C>	<C>	<C>
Year ended April 30, 1995:				
Allowance for doubtful accounts	$ 630,000	422,207	357,207	695,000
Reserve for inventory obsolescence	$ 330,000	--	30,000	300,000
Year ended April 30, 1996:				
Allowance for doubtful accounts	$ 695,000	485,000	380,000	

800,000

Reserve for inventory obsolescence	$ 300,000	-	300,000	- --
Year ended April 30, 1997:				
Allowance for doubtful accounts	$ 800,000	263,000	263,000	800,000
Reserve for inventory obsolescence	$ --	--	--	- --

____
*Represents write-offs of specifically identifiable amounts.

</TABLE>

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Dataram Corporation:

Under date of May 22, 1997, we reported on the consolidated balance sheets of Dataram Corporation and subsidiaries as of April 30, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1997, as contained in the 1997 annual report to stockholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1997. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related 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 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 PEAT MARWICK LLP

KPMG Peat Marwick LLP

Princeton, New Jersey
May 22, 1997

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

None.

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

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

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."

PART IV

Item 14. Exhibits, Financial Statement Schedule, and Reports on Form 8-K

(a) 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.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the last quarter of the year covered by this report.

(c) Exhibits:

The Exhibit Index appears on page 16.

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 26, 1997 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 26, 1997 By: ROBERT V. TARANTINO

Robert V. Tarantino, President
Chief Executive Officer and
Director (Principal Executive
Officer)

Date: July 26, 1997 By: RICHARD HOLZMAN

Richard Holzman, Director

Date: July 26, 1997 By: THOMAS A. MAJEWSKI

Thomas A. Majewski,
Director

Date: July 26, 1997 By: BERNARD L. RILEY

Bernard L. Riley, Director

Date: July 26, 1997   By: ROGER C. CADY

____
Roger C. Cady, Director

Date: July 26, 1997   By: MARK E. MADDOCKS

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

EXHIBIT INDEX

	Page of this Report	Page of 1996 10-K	Page of 1995 10-K	Page of 1994 10-K
3(a) Certificate of Incorporation				27
3(b) By-Laws			70	
4(a) Loan Agreement with New Jersey National Bank				23
4(b) 1995 Letter Amendments to Loan Agreement				93
4(c) 1996 Letter Amendments to Loan Agreement		18		
10(a) 1992 Incentive and Non-Statutory Stock Option Plan				127
10(b) Lease			133	
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10(d) Employment Agreement of Robert V. Tarantino				227
11(a) Computation of Earnings per Share	17			
13(a) 1996 Annual Report to Shareholders	27			
24(a) Independent Auditors' Consent for S-8 Registration No. 33-56282	18			
27 Financial Data Schedule	26			
28(a) Earnings Press Release	20			
28(b) Stock Repurchase Plan Press Release	24			

Exhibit 11

<TABLE>

DATARAM CORPORATION AND SUBSIDIARIES
Computation of Earnings per Share
Year ended April 30, 1997, 1996 and 1995

	Year Ended April 30,					
	1997		1996		1995	
	Primary	Fully Diluted	Primary	Fully Diluted	Primary	Fully Diluted
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Shares:						
Weighted averaged number Of shares of common Stock outstanding	3,360,975	3,360,975	3,816,261	3,816,261	3,796,526	3,796,526
Effect of dilutive common stock options(1)	71,286	103,260	19,097	16,354		
Adjusted shares	3,432,261	3,464,235	3,835,358	3,832,615	3,796,526	3,796,526
Net Earnings (Loss)	$3,769,000	$3,769,000	$1,450,000	$1,450,000	$(1,299,000)	$(1,299,000)
Earnings (loss) per Share (net earnings (Loss) divided by Adjusted shares)	$ 1.10	$ 1.09	$ 0.38	$ 0.38	$ (0.34)	$ (0.34)

(1) In 1995, the calculation was based solely on weighted averaged number of shares outstanding, as all options were anti-dilutive.

</TABLE>

EXHIBIT 24(a)

INDEPENDENT AUDITOR'S CONSENT FOR S-8 REGISTRATION
NO. 33-56282

INDEPENDENT AUDITORS' CONSENT

The Board of Directors and Stockholders
Dataram Corporation:

We consent to incorporation by reference in the Registration Statement (No. 33-56282) on Form S-8 of Dataram Corporation of our report dated May 22, 1997, relating to the consolidated balance sheets of Dataram Corporation and subsidiaries as of April 30, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1997 and our report dated May 22, 1997 relating to the schedule as listed in Item 8 of Form 10-K, which reports appear in the 1997 annual report on Form 10-K of Dataram Corporation.

KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP

Princeton, New Jersey
July 25, 1997

EXHIBIT 28(b)

STOCK REPURCHASE PLAN PRESS RELEASE

Dataram Announces Stock Repurchase Plan

PRINCETON, N.J., July 11 /PRNewswire/ Dataram Corporation's (AMEX:DTM) Robert V. Tarantino, president and chief executive officer, announced today that the Board of Directors has approved an Open Market Repurchase Plan. The plan provides for repurchases of up to a total of 300,000 shares, or approximately 10% of the Company's Common Stock. The shares may be repurchased from time to time either on the American Stock Exchange or through block purchases. Tarantino stated the Board of Directors believes that such repurchases will be of long-term benefit to the remaining shareholders of the Corporation.

Dataram Corporation is a developer, manufacturer and marketer of gigabyte memory upgrades for UNIX and Windows/NT workstations and servers.

SOURCE Dataram Corporation

/CONTACT: Mark Maddocks, Vice-President, Finance of Dataram (DTM)

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EXHIBIT 28(b)

STOCK REPURCHASE PLAN PRESS RELEASE

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PRINCETON, N.J., July 11 /PRNewswire/ Dataram Corporation's (AMEX:DTM) Robert V. Tarantino, president and chief executive officer, announced today that the Board of Directors has approved an Open Market Repurchase Plan. The plan provides for repurchases of up to a total of 300,000 shares, or approximately 10% of the Company's Common Stock. The shares may be repurchased from time to time either on the American Stock Exchange or through block purchases. Tarantino stated the Board of Directors believes that such repurchases will be of long-term benefit to the remaining shareholders of the Corporation.

Dataram Corporation is a developer, manufacturer and marketer of gigabyte memory upgrades for UNIX and Windows/NT workstations and servers.

SOURCE Dataram Corporation

/CONTACT: Mark Maddocks, Vice-President, Finance of Dataram (DTM)

EXHIBIT 13(a)

Annual Report to Shareholders

DATARAM CORPORATION

1997 ANNUAL REPORT

[DATARAM LOGO]

30 years
[DATARAM LOGO]
The Gigabyte Memory Specialist

Corporate Profile

Dataram is a leading independent manufacturer and marketer of high capacity memory products for Unix and NT workstations and servers. With three decades of experience designing, manufacturing and marketing memory products for the rapidly expanding computer memory industry, we offer a broad range of products for Compaq, DEC, HP, IBM, Sun and Silicon Graphics computers. We sell our products through distributors, VARs, resellers, system integrators and OEMs into such diverse industries as manufacturing, finance, government, telecommunications, utilities, research and education. Our ability to respond quickly to change - in business conditions, technology and the needs of memory users - uniquely positions us for future growth in expanding markets throughout the world.

Financial Highlights

(Dollar figures in thousands, except per share amounts)

Fiscal Year	1997	1996	1995	1994
Revenues	$68,980	$107,627	$103,028	$79,573
Net earnings (loss)	3,769	1,450	(1,299)	(732)
Net earnings (loss) per common and common share equivalent (fully diluted)	1.09	0.38	(0.34)	(0.19)
Working capital	15,039	16,803	14,061	15,540
Stockholders' equity	16,286	18,078	16,390	17,903
Long-term debt	0	0	0	0
Revenue per employee	$ 1,437	$ 2,031	$ 902	$ 527

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LETTER TO OUR STOCKHOLDERS

To Our Stockholders

Successfully implementing a carefully targeted strategic plan which capitalizes on established strengths, the Company achieved record earnings in fiscal 1997 and enhanced its position as a premier provider of high capacity memory products in an industry sustaining vigorous growth.

We have kept shareholders informed in a timely manner concerning the dramatic decline in the price of DRAM (dynamic random access memory) which began in January 1996 and the corresponding steep decrease in selling prices for the add-on memory products Dataram produces for workstations and servers. While this scenario has significantly reduced revenues, lower selling prices also have spurred a rapid rise in demand for workstation and server memory.

Although business conditions were challenging, we realized that a profitable future awaited us if we made the appropriate adjustments to operate more efficiently. We created a new business plan, tailored to the realities of a memory marketplace rewarding product pricing over product enhancements. The new plan produced our first strategic business objective.

Increase unit volume as a low cost producer

Establishing a state-of-the-art manufacturing facility has enabled Dataram to cost efficiently meet rising consumer demand and remain profitable under difficult business conditions. Keeping unit volume high and inventory levels low throughout fiscal 1997, we achieved a 146% increase in the number of gigabytes of memory delivered to customers during the year. These economies of scale enabled us to more than double our gross profit percentage, which currently stands at 21% versus 10% for the previous fiscal year. We plan to double the facility's square footage this year to accommodate anticipated increased demand.

Although unit volume remains strong, pressure on selling prices has affected revenues. To grow revenues and sustain our financial progress, we must successfully address a second strategic objective.

Broaden our product line

Dataram's 30 years' experience in computer memory provides competitive advantages in both technological expertise and knowledge of our specialized markets. We are capitalizing on these strengths to be first to market with products incorporating the latest technology such as 64 megabit chips for high capacity Unix and NT workstations and servers. We are investigating opportunities for new offerings to complement our core group of memory products.

The computer revolution, which originated in the United States, has permeated every corner of the globe. If Dataram is to succeed in an increasingly global economy, we must achieve future success both here and abroad and implement a third objective.

Expand into additional foreign markets

We have prudently but purposefully extended the geographic reach of our product line. Dataram products are available in 36 countries and foreign sales comprise approximately 30% of overall sales volume.

During fiscal 1998 we will further strengthen our presence in Europe by establishing an international distribution center in the United Kingdom. European customers will receive Dataram products within 24 hours of their order. We are planning additional improvements to our international infrastructure to capitalize on the myriad opportunities available to the Company.

Resellers have traditionally been a major source for distributing our products. While resellers will continue to play an important role, we must explore and increasingly utilize additional distribution channels to maximize product availability. If successful, we will have achieved our fourth strategic goal.

Expand our distribution network

An increased sales force is establishing relationships with key distributors and incorporating the most modern telecommunications technology to directly reach end users. Capitalizing on the accessibility and enormous growth of the World Wide Web, Dataram has generated increased interest in its Virtual Sales Office (VSO), where customers can both place and trace orders 24 hours a day, seven days a week.

Our strategic plan is demanding and ambitious, but affordable. We can implement our plan without incurring debt because we adhere to the following long-standing corporate credo:

Maintain a strong financial condition

Possessing solid financial resources has given Dataram considerable competitive advantages. It has enabled us to withstand the changing computer memory industry, deploying the requisite capital resources to maximize profitability during the good times, and giving us needed staying power during those challenging periods when a number of under financed competitors fell by the wayside. Financial stability also has given us access to capital at favorable rates. Equally important, it has enabled us to finance improvements to our operating infrastructure largely through cash on hand, avoiding debt and interest expense.

In fiscal 1997, Dataram strengthened an already healthy financial condition. We improved our current ratio from 3.4 to 1 to 3.9 to 1, with no debt and an unused $12 million line of credit.

Looking forward, we believe we can implement our strategic growth plan and maintain our solid financial position.

The Year Ahead

The computer memory industry traditionally has experienced periods of softness, and while this could reoccur during a portion of fiscal 1998, the overall industry trend is for solid growth to continue.

We are prepared to continue capitalizing on the many opportunities presented to us and anticipate another strong earnings year.

We want to thank our employees for their dedication and professionalism in helping Dataram achieve a financial milestone, and our customers whose loyalty to our products is deeply appreciated.

On March 27, 1997, John J. Cahill retired as a Director of Dataram after 17 years of service. We thank him for his dedication and contributions to the Company and wish him continued success in his professional and personal endeavors.

Sincerely,

ROBERT V. TARANTINO

Robert V. Tarantino
President and
Chief Executive Officer

July 14, 1997

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Dataram is a developer, manufacturer and marketer of quality computer memory products for use with high capacity workstations and servers. The Company's memory products, principally for workstations and servers manufactured by Sun Microsystems, Hewlett-Packard, Digital Equipment Corporation, IBM, COMPAQ and Silicon Graphics, are sold worldwide to distributors, value-added resellers and end users.

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. Competition is fierce, and memory boards for the computer workstation and server markets are commodity items with low individual profit margins. The primary raw material used in producing memory boards are dynamic random access memory (DRAM) chips. The purchase cost of DRAM chips typically represents approximately 95% of the total cost of a finished workstation memory board. Consequently, average selling prices for computer memory boards are extremely 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,	1997	1996	1995
Revenues	100.0%	100.0%	100.0%
Cost of sales	78.9	90.0	88.1
Gross profit	21.1	10.0	11.9
Engineering and development	1.5	1.5	2.4
Selling, general and administrative	11.1	6.2	11.1
Earnings (loss) from operations	8.5	2.3	(1.6)
Other income (expense), net	0.3	(0.1)	(0.4)
Earnings (loss) before income taxes	8.8	2.2	(2.0)
Income taxes (benefit)	3.4	0.9	(0.7)
Net earnings (loss)	5.4	1.3	(1.3)

Fiscal 1997 Compared With Fiscal 1996

Fiscal 1997 was a year characterized by the continued rapid decline in DRAM prices. The primary memory chip used in the Company's products during the fiscal year was the 16 megabit DRAM. At the beginning of the year, these chips cost approximately $25 each. By the fourth quarter of the fiscal year, they were generally available at less than $8 each. As a result of competitive pressures in the industry, average selling prices for the Company's products declined throughout the year generally in line with the decline in DRAM prices. However, lower pricing for memory products resulted in a significant increase in unit demand. During the second half of fiscal 1997, the Company started producing workstation products incorporating the next generation of DRAMs, 64 megabit. It is anticipated that 64 megabit based products will be substantial contributors to fiscal 1998 revenues.

Revenues in 1997 totaled $69.0 million, a decrease of 36% from 1996 revenues of $107.6 million. As discussed, the decline in revenues in fiscal 1997 was the result of declining average selling prices for the Company's products offset by increased unit shipments. Revenues from the sale of products for Sun and Hewlitt-Packard workstations and computers were the leading contributors totaling 71.3% of revenues.

Cost of sales decreased $42.5 million in fiscal 1997 from fiscal 1996. Cost of sales as a percentage of revenues decreased by 11.1% in fiscal 1997 from fiscal 1996. With the change in the DRAM market, vendors could no longer charge independent memory manufacturers premiums to what the original equipment manufacturers were being charged for DRAMs.

Engineering and development costs amounted to $1.0 million in 1997, a decrease of $0.6 million from fiscal 1996 expenditures of $1.6 million. The Company intends to maintain its commitment to timely introduction of new memory products.

Selling, general and administrative costs were $7.7 million in fiscal 1997 versus $6.7 million in fiscal 1996. In fiscal 1997, the Company incurred increased legal expenses associated with a previously announced complaint filed by a competitor as well as planned increases in marketing and promotional expenditures.

Other income, net totaled $227,000 in 1997 versus other expense, net of $61,000 in 1996. Fiscal 1997 other income consists primarily of net interest income and fiscal 1996 other expense consists primarily of net interest expense.

Fiscal 1996 Compared With Fiscal 1995

The computer memory market changed dramatically in fiscal 1996. Up until late calendar 1995, DRAM chips had been in tight supply for a period of approximately two and one-half years, primarily because of the explosive growth in demand for personal computers. Chip manufacturers allocated DRAMs to OEMs and the larger independent memory manufacturers. Smaller manufacturers were forced to obtain DRAMs on the spot market at premium prices. Starting in late 1995, this situation changed. Chip manufacturers had invested heavily in production capacity and the growth rate for personal computers slowed modestly. Supply suddenly exceeded demand. In the ensuing inventory correction, the supply of DRAMs became plentiful and their prices plummeted. Competitive pressures forced computer memory manufacturers to lower the selling prices of memory boards as well. At present, most DRAMs are readily available and are expected to remain so for the foreseeable future. Consequently, average selling prices for computer memory boards are likely to remain under pressure. However, the workstation and server markets are expanding markets and the unit volume growth rate for memory products remains high.

Revenues in 1996 totaled $107.6 million, an increase of 4.5% over 1995 revenues of $103.0 million. Revenues from the sale of products for Sun and Hewlett-Packard manufactured workstations and computers totaled 74.6% of revenue. Revenues for fiscal 1996 were negatively impacted in the fourth quarter by the decline in average selling prices for memory boards associated with the reduction in the price of DRAMs.

Cost of sales increased $6.2 million in fiscal 1996 from fiscal 1995. Cost of sales as a percentage of revenue increased by 1.9% in fiscal 1996 from fiscal 1995. For most of the first three quarters of fiscal 1996, cost of sales to support incremental business was increased by the necessity of procuring DRAM chips from sources of supply less competitively priced than the Company's primary vendors.

Engineering and development costs amounted to $1.6 million in 1996, a decrease of $0.9 million from fiscal 1995 expenditures of $2.5 million. This was primarily the result of a work force reduction implemented in the fourth quarter of fiscal 1995 associated with the previously announced decision to withdraw from the storage product business.

Selling, general and administrative costs decreased by 4.9% of revenue to $6.7 million in fiscal 1996 from $11.5 million in fiscal 1995. As a result of the decision to withdraw from the storage product business in the fourth quarter of fiscal 1995, the Company's general and administrative, sales and marketing forces were significantly reduced.

Other expense, net of other income totaled $61,000 in 1996 versus $364,000 in 1995. Fiscal 1996 expense consists primarily of net interest expense. Included in 1995 expenses are $162,000 related to disposals of fixed assets associated with the storage product line.

The balance of 1995 net other expense consists primarily of interest expense offset by income from salvage of certain obsolete equipment and inventory items.

Liquidity and Capital Resources

During fiscal 1997 the Company purchased and retired 766,000 shares of its common stock at a total price of $5.7 million while still maintaining a strong working capital and cash position. Working capital at the end of fiscal 1997 amounted to $15.0 million, including cash and cash equivalents of $6.8 million, compared to working capital of $16.8 million, including cash and cash equivalents of $8.5 million in fiscal 1996. Current assets at year end were 3.9 times current liabilities compared to 3.4 at the end of 1996.

Inventories at the end of 1997 were $4.4 million compared to 1996 year-end inventories of $2.3 million. At the end of fiscal 1997 many DRAM manufacturers, in an effort to increase prices, announced production cuts of 16 megabit DRAMs as well as a shift in allocation of production capacity to more profitable 64 megabit DRAMs. In response, the Company temporarily elected to increase its inventory commitment. Subsequent to year-end, the DRAM prices have returned to more normal levels and the Company has reduced its inventory. Currently, DRAMs are readily available.

Capital expenditures were $650,000 in 1997 compared to $270,000 in 1996. Capital expenditures in 1997 included approximately $200,000 for leasehold improvements and facility renovation. Remaining 1997 and 1996 capital expenditures were primarily for automated testing equipment and management information systems upgrades. At the end of fiscal 1997, contractual commitments for capital purchases were nil. Fiscal 1998 capital expenditures are expected to be in the same range as fiscal 1997 expenditures.

A competitor of the Company, Sun Microsystems, Inc., has filed a complaint against the Company asserting infringement of certain patents (See note 10 of notes to consolidated financial statements). The Company has filed its answer and affirmative defenses to the claim and has asserted several anti-trust and other anti-competitive counterclaims against Sun. At this time, it is too early to make any evaluation or estimate of the likelihood or amount of a favorable or unfavorable outcome of this case. Management believes its defenses against Sun's claims, and the Company's counterclaims are meritorious and intends to vigorously defend against the claims and pursue its counterclaims. However, no assurances can be made that an unfavorable outcome will not have a material adverse affect on the Company's consolidated financial condition, results of operations and liquidity.

On July 11, 1997, the Company announced an open market repurchase plan providing for the repurchase of up to 300,000 shares of the Company's common stock.

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

During fiscal 1997, the Company renewed and increased to $12 million its unsecured revolving credit line with its bank. The credit facility was unused during fiscal 1997. Annually, $6 million of the facility is scheduled to expire. The Company intends to renew any expiring portion of the facility by the expiration date and maintain a $12 million total facility.

Management believes that its working capital together with internally generated funds and its bank line of credit are adequate to finance the Company's operating needs and future capital requirements.

Common Stock Information

The Common Stock of the Company is traded on the American Stock Exchange under the symbol "DTM". The following table sets forth, for the periods indicated, the high and low closing prices for the Common Stock as reported by the American Stock Exchange.

	1997		1996	
	High	Low	High	Low
1st Quarter	6 11/16	5 1/2	7 3/4	4 5/8
2nd Quarter	8 1/8	6 1/8	9 3/8	6 1/4
3rd Quarter	11 1/4	7 5/8	8 7/8	5 3/8
4th Quarter	11 7/8	8 1/2	7	4 1/8

At April 30, 1997 there were approximately 2,000 shareholders.

The Company has never paid a dividend and does not at present have an intention to pay a dividend in the foreseeable future.

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
April 30, 1997 and 1996
(In thousands, except share amounts)

	1997	1996
Assets		
Current assets:		
Cash and cash equivalents	$ 6,836	$ 8,482
Trade receivables, less allowance for doubtful accounts of $800 in 1997 and 1996	8,473	12,078
Inventories:		
Raw materials	3,369	1,435
Work in process	98	45
Finished goods	929	832
	4,396	2,312
Income tax receivable (note 4)	48	424
Deferred income taxes (note 4)	423	389
Other current assets	101	50
Total current assets	20,277	23,735
Property and equipment, at cost:		
Land	875	875
Machinery and equipment	6,840	6,190

	1997	1996
	7,715	7,065
Less accumulated depreciation	5,461	4,867
Net property and equipment	2,254	2,198
Other assets	6	6
	$22,537	$25,939
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,145	$ 5,909
Accrued liabilities (note 7)	1,093	1,023
Total current liabilities	5,238	6,932
Deferred income taxes (note 4)	1,013	929
Total liabilities	6,251	7,861
Stockholders' equity (note 5):		
Common stock, par value $1.00 per share. Authorized 18,000,000 shares; issued and outstanding 3,077,449 in 1997 and 3,824,305 in 1996	3,078	3,824
Additional paid-in capital	2,453	3,425
Retained earnings	10,755	10,829
Total stockholders' equity	16,286	18,078
Commitments (notes 6 and 10)		
	$22,537	$25,939

See accompanying notes to consolidated financial statements

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended April 30, 1997, 1996 and 1995
(In thousands, except per share amounts)

	1997	1996	1995
Revenues	$ 68,980	$107,627	$103,028
Costs and expenses:			
Cost of sales	54,409	96,929	90,758
Engineering and development	1,030	1,584	2,484
Selling, general and administrative	7,674	6,661	11,451
	63,113	105,174	104,693
Earnings (loss) from operations	5,867	2,453	(1,665)
Other income (expense):			
Other income (expense), net	18	(2)	(68)
Interest income	276	41	-
Interest expense	(67)	(100)	(296)
	227	(61)	(364)
Earnings (loss) before income tax expense (benefit)	6,094	2,392	(2,029)
Income tax expense (benefit) (note 4)	2,325	942	(730)
Net earnings (loss)	$3,769	$1,450	$(1,299)
Net earnings (loss) per common share:			
Primary	$ 1.10	$ .38	$ (.34)
Fully diluted	$ 1.09	$ .38	$ (.34)

See accompanying notes to consolidated financial statements

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended April 30, 1997, 1996 and 1995
(In thousands)

	1997	1996	1995
Cash flows from operating activities:			
Net earnings (loss)	$3,769	$1,450	$(1,299)
Adjustments to reconcile net earnings (loss)to net cash provided by operating activities:			
Depreciation and amortization	594	693	876
Loss on disposition of property and equipment	-	2	162

Bad debt expense	263	485	422
Deferred income tax expense (benefit)	50	710	(530)
Write-off of inventory	-	-	1,880
Changes in assets and liabilities:			
(Increase) decrease in trade receivables	3,342	2,333	(1,753)
(Increase) decrease in inventories	(2,084)	5,749	1,866
Decrease in income tax receivable	376	252	326
Increase in other current assets	(51)	(6)	(39)
Decrease in other assets	-	9	6
Decrease in accounts payable	(1,764)	(2,871)	(1,177)
Increase (decrease) in accrued liabilities	70	(1,021)	339
Net cash provided by operating activities	4,565	7,785	1,079
Cash flows from investing activities:			
Proceeds from sale of property and equipment	-	7	-
Purchase of property and equipment	(650)	(270)	(581)
Net cash used in investing activities	(650)	(263)	(581)
Cash flows from financing activities:			
Purchase and subsequent cancellation of shares of common stock	(5,671)	-	(469)
Proceeds from sale of common shares under stock option plan (including tax benefits)	110	238	255
Net cash provided by (used in) financing activities	(5,561)	238	(214)
Net increase (decrease) in cash and cash equivalents	(1,646)	7,760	284
Cash and cash equivalents at beginning of year	8,482	722	438
Cash and cash equivalents at end of year	$ 6,836	$ 8,482	$ 722
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 43	$ 125	$ 258
Income taxes	1,881	582	-
Supplemental disclosures of noncash transactions:			
Disposal of fully-depreciated equipment	$ -	$ -	$ 348

See accompanying notes to consolidated financial statements

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
Years ended April 30, 1997, 1996 and 1995
(In thousands, except share amounts)

	Common stock	Additional paid-in capital	Retained earning	Total Stock-holders' equity
Balance at April 30, 1994	$ 3,806	$ 3,107	$10,990	$17,903
Issuance of 61,500 shares under stock option plans	61	194	-	255
Purchase and subsequent cancellation of 75,000 shares	(75)	(82)	(312)	(469)
Net loss	-	-	(1,299)	(1,299)
Balance at April 30, 1995	3,792	3,219	9,379	16,390
Issuance of 32,000 shares under stock option plans	32	206	-	238
Net earnings	-	-	1,450	1,450
Balance at April 30, 1996	3,824	3,425	10,829	18,078
Issuance of 19,000 shares under stock option plans	19	91	-	110
Purchase and subsequent cancellation of 765,856 shares	(765)	(1,063)	(3,843)	(5,671)
Net earnings	-	-	3,769	3,769
Balance at April 30, 1997	$ 3,078	$ 2,453	$10,755	$16,286

See accompanying notes to consolidated financial statements

DATARAM CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
April 30, 1997, 1996 and 1995

(1) Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Dataram International Sales Corporation (a Domestic International Sales Corporation

(DISC)) and DTM Development Corporation. DTM Development Corporation was dissolved during 1995. All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents

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

Inventory valuation

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

Property and equipment

Property and equipment is recorded at cost. Depreciation is generally computed on the straight-line basis. Depreciation rates are based on the estimated useful lives 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.

Revenue recognition

Revenue from product sales is recognized when the related goods are shipped to the customer and all significant obligations of the Company have been satisfied. Estimated warranty costs are accrued.

Product development and related engineering

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

Income taxes

The Company follows the asset and liability method of accounting for income taxes in accordance with the provisions of Statement of Financial Accounting Standards 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. 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 income 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. 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 and, generally, requires no collateral from its customers.

Earnings (loss) per share

Earnings (loss) per common and common equivalent share are based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options. In 1995 the calculation was based solely on weighted average number of shares outstanding, as all options were anti-dilutive.

The determination of such shares used in the computation of per share data is as follows:

	Weighted average number of shares outstanding	Equivalent shares from dilutive stock options	Total shares
Primary:			
1997	3,360,975	71,286	3,432,261
1996	3,816,261	19,097	3,835,358
1995	3,796,526	-	3,796,526
Fully diluted:			
1997	3,360,975	103,260	3,464,235
1996	3,816,261	16,354	3,832,615
1995	3,796,526	-	3,796,526

Use of estimates

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

Fair value of financial instruments

Statement of Financial Accounting Standards SFAS No. 107, "Disclosure about Fair Value of Financial Instruments", defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. 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.

Impairment of long-lived assets and long lived-assets to be disposed of

In March 1995, the Financial Accounting Standards Board issued SFAS No. 121,
Accounting for stock based compensation

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-based Compensation." This statement requires companies to make pro forma disclosures in a footnote of net income as if the fair value based method of accounting for stock options, as defined in the statement, had been applied. The accounting requirements of this statement are effective for transactions entered into during 1996 and ensuing years (see note 5).

Reclassification

Certain amounts in the 1996 and 1995 consolidated financial statements have been reclassified to conform to the 1997 presentation.

(2) Long-Term Debt

On October 27, 1994, the Company entered into a credit agreement with a bank for a three-year $10,000,000 revolving credit facility and a $3,500,000 term loan facility. On April 28, 1995 the Company amended and restated its credit facility with its bank. Under the amended agreement the Company reduced the term loan facility to $1,500,000 and modified certain financial covenants. On November 1, 1996, the Company further amended and restated its credit facility with its bank. Under the amended agreement, the Company modified certain financial covenants, eliminated the term loan facility and increased the revolving credit facility to $12,000,000 until October 31, 1997, at which point it will decrease to $6,000,000 until October 31, 1998. The agreement provides for Eurodollar rate loans, CD rate loans and base rate loans at an interest rate no higher than the bank's base commercial lending rate less 1/2%. The Company is required to pay a commitment fee equal to 1/16 of one percent per annum on the unused commitment. The agreement contains certain restrictive financial covenants including a minimum current ratio, minimum tangible net worth requirement, minimum interest coverage ratio, maximum debt to equity ratio and certain other covenants, as defined by the agreement. There were no borrowings during fiscal 1997. The maximum and average balances outstanding at any time during fiscal 1996 were $5,500,000 and $1,200,000, respectively. The average interest rate was 8% in fiscal year 1996. As of April 30, 1997, the amount available for borrowing under the revolving credit facility was $12,000,000.

(3) Restructuring

In Fiscal years 1995, the Company restructured certain aspects of its business. During the fourth quarter of 1995, the Company announced the phaseout of its storage product line. In connection with this phaseout, the Company recorded a $3,132,000 pre-tax charge to 1995 operations consisting of approximately: (1) $1,880,000 write-off of inventory; (2) $640,000 in severance and other costs related to employee termination; (3) $162,000 for disposal of machinery and equipment related to the storage product line; and (4) $450,000 in accruals for estimated net returns, warranty obligations, and other costs. These charges are included in cost of sales, engineering and development, selling, general and administrative, and other expense in the accompanying 1995 consolidated statement of operations and aggregated approximately $2,336,000, $150,000, $484,000 and $162,000, respectively. As of April 30, 1995, the Company had accrued approximately $1,090,000 for probable future cash expenditures related to the discontinued storage product line. All amounts accrued as of April 30, 1995 were paid out or otherwise satisfied during fiscal 1996.

(4) Income Taxes

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

(In thousands)	1997	1996	1995
Current:			
Federal	$ 1,889	$ 232	$ (200)
State	386	-	-
	2,275	232	(200)
Deferred:			
Federal	(26)	598	(474)
State	76	112	(56)
	50	710	(530)
Total expense (benefit)	$2,325	$ 942	$ (730)

The actual income tax expense (benefit) differs from "expected" tax expense (benefit) (computed by applying the U. S. corporate tax rate of 34% to earnings (loss) before income taxes) as follows:

(In thousands)	1997	1996	1995
Computed "expected' tax expense (benefit)	$ 2,072	$ 813	$ (690)

State income taxes (benefit) (net of Federal income tax benefit)	303	74	(37)
Other	(50)	55	(3)
Total expense (benefit)	$ 2,325	$ 942	$ (730)

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

(In thousands)	1997	1996
Deferred tax assets:		
Compensated absences, principally due to accrual for financial reporting purposes	$ 88	$ 73
Accounts receivable, principally due to allowance for doubtful accounts	312	316
Inventories, principally due to differences in depreciation	23	-
Net operating loss carryforwards	-	80
Total gross deferred tax assets	423	469
Less valuation allowance	-	-
Net deferred tax assets	423	469
Deferred tax liabilities:		
Investment in wholly-owned subsidiary, principally due to unremitted earnings of DISC	(663)	(663)
Property and equipment, principally due to differences in depreciation	-	(33)
Other	(350)	(313)
Total gross deferred tax liabilities	(1,013)	(1,009)
Net deferred tax assets (liabilities)	$(590)	$(540)

(5) Stock Option Plans

During 1982, the Company adopted an incentive stock option plan. In 1995, 1,500 options were exercised under this plan at an exercise price of $1.625 per share. In 1997, 6,000 options were exercised under this plan at an exercise price of $3.567. As of April 30, 1997, no further options may be granted under the plan and there are no options outstanding under the 1982 plan.

In September 1992, the Company adopted an 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 950,000 shares 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. 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, 1997, 191,400 of the outstanding options are exercisable.

The status of the 1992 plan for the three years ended April 30, 1997 is as follows:

	Options Outstanding	
	Shares	Price per share
Balance April 30, 1994	320,000	$ 7.125
Granted	-	-
Exercised	-	-
Cancelled	-	-
Balance April 30, 1995	320,000	7.125
Granted	142,000	5.125-6.75
Exercised	(32,000)	7.125
Cancelled	(78,000)	7.125
Balance April 30, 1996	352,000	5.125-7.125
Granted	167,000	6.938
Exercised	(13,000)	5.125-7.125
Cancelled	(10,000)	7.125
Balance April 30, 1997	496,000	$5.125-7.125

In March 1990, the Company granted a total of 90,000 shares of nonqualified stock options to three non-employee directors of the Company. These options were exercisable at a price of $4.21 per share, the fair market value at date of grant, for a five-year period commencing at the date of grant. During 1995, 60,000 of these options were exercised and the remaining 30,000 options expired.

In November 1992, the Company granted options to acquire a total of 120,000 shares to four non-employee directors of the Company. These options were 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 aforementioned options are exercisable at a price of $11.25 per share, the fair value at the date of grant, and expire five years after date of grant. Of each option 25% is first exercisable on or after the first anniversary of the date of the grant and an additional 25% on each of three succeeding anniversary dates. During 1996, 30,000 of these outstanding options were cancelled in accordance with the terms of the plan. In September 1996, the Company granted options to acquire 30,000 shares to a new director of the Company upon the same terms. This option is exercisable at a price of $6.9375 per share which approximated fair value at the date of grant, and expires in September 2001. In March 1993, the Company granted options to acquire 30,000 shares to an officer of the Company upon the same terms. This option was granted for the purpose of retaining the services of this officer who is not an employee of the Company. This option is exercisable at a price of $11.25 per share, which exceeded the fair value at the date of grant and expires in November 1997. At April 30, 1997, 120,000 of these outstanding options were exercisable.

The Company has adopted the disclosure-only provisions of SFAS No. 123, and applies APB Opinion 25 in accounting for its plans and, accordingly, cost for stock option plans and stock purchase plans in its financial statements. Had the Company determined compensation cost based on the fair value at the grant date consistent with the provisions of SFAS No. 123, the Company's net earnings would have been reduced to the pro forma amounts indicated below:

(In thousands, except per share amounts)

	1997	1996
Net earnings as reported	$ 3,769	$1,450
Net earnings pro forma	3,667	1,418
Net earnings per share as reported:		
Primary	1.10	.38
Fully diluted	1.09	.38
Net earnings per share pro forma:		
Primary	1.07	.37
Fully diluted	1.06	.37

The pro forma amounts as noted above may not be representative of the effects on reported earnings for future years. Pro forma net earnings reflects only options granted in 1997 and 1996. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma net earnings amounts presented above because compensation cost is reflected over the options' vesting period of 5 years and compensation cost for options granted prior to April 30, 1995 is not considered.

The fair value of the stock options granted in 1997 and 1996 is estimated at grant date using the Black-Scholes option pricing model with the following weighted average assumptions: for 1997 - expected dividend yield 0.0%, risk free interest rate of 7%, expected volatility of 41%, and an expected life of 7 years; for 1996 - expected dividend yield 0.0%, risk free interest rate of 6.5%, expected volatility of 19%, and an expected life of 7.5 years. The weighted average estimated fair value of options granted in 1997 and 1996 was $4.14 and $2.42, respectively.

(6) Commitments

The Company and its subsidiaries occupy various facilities and operate various equipment under operating lease arrangements. Rents charged to operations amounted to approximately $612,000 in 1997, $555,000 in 1996 and $449,000 in 1995.

Minimum annual rental commitments for all noncancellable operating leases as of April 30, 1997 are approximately as follows:

(In thousands)

1998	$ 657
1999	642
2000	567
2001	281
2002	47
	$2,194

(7) Accrued Liabilities

Accrued liabilities consist of the following:

(In thousands)	1997	1996
Payrolls, including vacations	$ 329	$ 252
Commissions and bonuses	559	351
Other	205	420
	$1,093	$1,023

(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 $121,000, $127,000 and $215,000 in 1997, 1996 and 1995, respectively.

(9) Segment Information - Operations and Assets by Geographic Locations

The Company operates in one business segment and develops, manufactures and markets a variety of memory systems for use with workstations and servers which are manufactured by various computer systems companies. Information for 1997, 1996 and 1995 about the Company's operations and identifiable assets by geographic region is as follows:

(In thousands)		Export		
1997	United States	Europe	Other	Consolidated
Revenues - unaffiliated customers	$50,147	$12,988	$ 5,845	$ 68,980
Net revenues	$50,147	$12,988	$ 5,845	$ 68,980
Net earnings				$ 3,769
Identifiable assets				$ 22,537

(In thousands)	Export			
1996	United States	Europe	Other	Consolidated
Revenues - unaffiliated customers	$76,072	$21,630	$ 9,925	$107,627
Net revenues	$76,072	$21,630	$ 9,925	$107,627
Net earnings				$ 1,450
Identifiable assets				$ 25,939

(In thousands)	Export			
1995	United States	Europe	Other	Consolidated
Revenues - unaffiliated customers	$78,535	$14,654	$ 9,839	$103,028
Net revenues	$78,535	$14,654	$ 9,839	$103,028
Net loss				$ (1,299)
Identifiable assets				$ 27,355

(10) Litigation

In August 1996, a competitor of the Company (the Competitor) filed a complaint alleging patent infringement against the Company in the Federal District Court asserting the infringement of five specific patents related to single in-line memory module (SIMM) technology. In October 1996, the Company filed its answer and affirmative defenses and asserted several anti-trust and other anti-competitive counterclaims against the Competitor in addition to its affirmative defenses. Management of the Company believes its defenses against the Competitor's claims and its counterclaims are meritorious and the Company intends to vigorously defend against the claims and pursue its counterclaims. At this time, it is too early to make any evaluation or estimate of the likelihood or amount of an unfavorable outcome and therefore, no provision for possible loss has been recorded in the consolidated financial statements although the Company continues to incur professional fees related to this litigation. No assurances can be made that an unfavorable outcome in this case will not result in a material adverse affect on the Company-year period ended April 30, 1997. 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 generally accepted auditing standards. 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, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 1997, in conformity with generally accepted accounting principles.

KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP

Princeton ,New Jersey
May 22, 1997

<TABLE> Selected Financial Data

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

Years Ended April 30,	1997	1996	1995	1994	1993
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Revenues	$ 68,980	$107,627	$103,028	$ 79,573	$ 58,564
Net earnings (loss)	3,769	1,450	(1,299)	(732)	3,018
Primary earnings (loss) per share	1.10	.38	(.34)	(.19)	.76
Fully diluted earnings (loss) per share	1.09	.38	(.34)	(.19)	.76
Current assets	20,277	23,735	24,710	27,027	23,784
Total assets	22,537	25,939	27,355	30,135	26,867
Current liabilities	5,238	6,932	10,649	11,487	7,085
Long-term debt	0	0	0	0	0
Total stockholders' equity	16,286	18,078	16,390	17,903	18,684
Cash dividends	-	-	-	-	-

Note: Net loss for 1994 included income of $118,000 or $0.03 per share related to adoption of SFAS 109, Accounting for Income Taxes
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Quarterly Financial Data (Unaudited)
(In thousands, except per share amounts)

	Quarter Ended			
Fiscal 1997	July 31	October 31	January 31	April 30
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Revenues	$17,448	$17,168	$17,514	$16,850
Gross profit	3,560	3,835	3,570	3,605
Net earnings	964	1,014	912	878
Net earnings per common and common equivalent share	.26	.30	.27	.27
Fiscal 1996	July 31	October 31	January 31	April 30
Revenues	$24,885	$32,331	$28,385	$22,026
Gross profit	3,031	3,405	1,475	2,787
Net earnings (loss)	537	708	(243)	448
Net earnings (loss) per common and common equivalent share	.14	.18	(.06)	.12

</TABLE>

30 years

[DATARAM LOGO]
The Gigabyte Memory Specialist

DIRECTORS AND CORPORATE OFFICERS

Directors

Robert V. Tarantino
President and Chief Executive Officer
of Dataram Corporation

Richard Holzman
Private Investor

Thomas A. Majewski*
Principal, Walden Inc.

Bernard L. Riley
Private Investor

Roger 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

Hugh F. Tucker
Vice President, Sales

Thomas J. Bitar
Secretary
Partner, Dillon, Bitar & Luther

Corporate Headquarters

Dataram Corporation
186 Princeton-Hightstown Road
West Windsor, NJ 08543
609-799-0071

Auditors

KPMG Peat Marwick LLP
Princeton, NJ

General Counsel

Dillon, Bitar & Luther
Morristown, NJ

Transfer Agent and Registrar

First Union National 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 American Stock Exchange with the trading system DTM.

Annual Meeting

The annual meeting of shareholders will be held on Wednesday, September 10, 1997, at 2:00 p.m. at Dataram's corporate headquarters at:
186 Princeton-Hightstown Road
West Windsor Business Park
West Windsor, NJ 08543

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
P.O. Box 7528
Princeton, NJ 08543-7528

1997 ANNUAL REPORT
[DATARAM LOGO]

Dataram Corporation
Corporate Headquarters
P.O. Box 7528
Princeton, NJ 08543-7528

Telephone
800-DATARAM
609-799-0071

FAX

609-799-6734

WEB SITE
http://www/dataram.com

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