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
For the fiscal year ended April 30, 1998.

[ ] 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:

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 17, 1998 was $30,993,973.

The number of shares of Common Stock outstanding on July 24, 1998: 2,781,405 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Definitive Proxy Statement for Annual Meeting of Shareholders to be held on September 9, 1998 (the "Definitive Proxy Statement") to be filed within 120 days of the end of the fiscal year.

(2) 1998 Annual Report to Security Holders.

DATARAM CORPORATION
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PART I

Item 1. BUSINESS

(a) General Development of Business.

Dataram develops, manufactures and markets computer memory products for use with workstations and network servers. The Company's 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, Inc. ("SGI"), International Business Machines Corporation ("IBM")and Compaq Computer ("Compaq"). Dataram products are not intended for use with high-end mainframe computers.

In fiscal 1998 the Company saw a continuing decline in the price it pays for dynamic random access memory ("DRAM"), 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. Notwithstanding these price drops, Company revenues have increased as the Company has substantially increased unit volume. DRAM has been readily available 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 186 Princeton-Hightstown Road, West Windsor, New Jersey 08543 and its telephone number is (609) 799-0071, its fax is (609) 799-6734 and its website is http://www.dataram.com.

(b) Financial Information about Industry Segments.

The Company operates in one industry segment.

(c) Narrative Description of Business.

Dataram develops, manufactures and markets a variety of memory products for use with workstations and network servers, including those sold by Sun, HP, DEC, SGI, IBM and Compaq. The Company sells 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 memory began in the early 1970's with the introduction of core magnetic 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. Workstations are nearly always networked. As a result of this networking capability, a new class of computer system, the network server, has emerged.

Network 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 network 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 to end users of the installed base of workstations and network servers sold by Sun, HP, DEC, Silicon Graphics, IBM and Compaq.

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 network servers have become commodities with substantial competition from OEMs and a number of independent memory manufacture suppliers.

Generally, growth 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 network servers, Dataram has a two pronged strategy to increase sales.

Market Penetration

Management estimates that sales by system vendors constitute 75% of the memory market in fiscal 1998. 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 71% of Dataram's fiscal 1998 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 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 network 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 memory products in the United States to distributors, value-added resellers and larger end-users principally through its staff located in Princeton, New Jersey. The Company also markets its memory products in Canada, Western Europe and the Asian Pacific region through a network of independent distributors.

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.

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 products and subjects them to reliability testing procedures. During its fiscal year ended April 30, 1998, the Company incurred costs of $1,113,000 for engineering and product development compared to $1,030,000 in fiscal 1997 and $1,584,000 in fiscal 1996.

Manufacturing

The Company purchases standard dynamic random access memory ("DRAM") chips. The costs of such chips is approximately 85% of the total manufacturing 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 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 Company assembles its memory boards at a leased site. 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 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, IBM and Compaq, 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 31-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 memory products for systems that 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 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, 1998, the Company had 88 full-time employees. On July 1, 1998, when the Company assumed direct operation of its assembly plant, the number of employees increased to 137. 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 1999) or the succeeding fiscal year (fiscal 2000).

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

REVENUES (000's)

Fiscal	U.S.	Europe	Other	Consolidated
1998	54,989	14,860	7,437	77,286
1997	50,147	12,988	5,845	68,980
1996	76,072	21,630	9,925	107,627

PERCENTAGES

Fiscal	U.S.	Europe	Other	Consolidated
1998	71.2%	19.2%	9.6%	100.0%
1997	72.7%	18.8%	8.5%	100.0%
1996	70.7%	20.1%	9.2%	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, 2001.

The Company leases a 24,000 square foot assembly plant in Northampton Township, Pennsylvania. The lease expires on January 31, 2000 but the Company has two two-year renewal options.

The Company also leases one sales office located in

California, and a distribution center in England.

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.

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 network servers manufactured by Sun Microsystems, Inc. The plaintiff sought both an injunction and damages. The Company 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 filed counterclaims against the plaintiff alleging among other matters anti-trust violations, intentional interference with contractual relationships, and product disparagement by the Plaintiff. This matter was settled during the fourth quarter of fiscal 1998 with the Company agreeing to commence the payment of royalties on certain Sun Microsystems, Inc. memory systems and each party releasing one another from past claims.

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 1998 Annual Report to Security Holders under the caption "Common Stock Information" at page 7.

Item 6. Selected Financial Data

Incorporated by reference herein is the information set forth in the 1998 Annual Report to Security Holders under the caption "Selected Financial Data" at page 19.

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 1998 Annual Report to Security Holders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" at page 5 through page 7.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Schedule	Page in Annual Report*
Consolidated Financial Statements:	
Consolidated Balance Sheets as of April 30, 1998 and 1997.	8

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.

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Schedule VIII

DATARAM CORPORATION AND SUBSIDIARIES

Valuation and Qualifying Accounts

Years ended April 30, 1998, 1997 and 1996

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, 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	$ --	--	--	--
Year ended April 30, 1998:				
Allowance for doubtful accounts	$ 800,000	435,000	785,000	450,000
Reserve for inventory obsolescence	$ --	50,000	--	50,000

*Represents write-offs of specifically identifiable amounts.
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Dataram Corporation:

Under date of May 20, 1998, we reported on the consolidated balance sheets of Dataram Corporation and subsidiary as of April 30, 1998 and 1997, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1998. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1998. 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 20, 1998

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.

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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 24, 1998 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 24, 1998 By: ROBERT V. TARANTINO

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

Date: July 24, 1998 By: RICHARD HOLZMAN

____
Richard Holzman, Director

Date: July 24, 1998 By: THOMAS A. MAJEWSKI

____
Thomas A. Majewski,
Director

Date: July 24, 1998 By: BERNARD L. RILEY

____
Bernard L. Riley, Director

Date: July 24, 1998 By:
____
Roger C. Cady, Director

Date: July 24, 1998 By: MARK E. MADDOCKS

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

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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 20, 1998, relating to the consolidated balance sheets of Dataram Corporation and subsidiary as of April 30, 1998 and 1997, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1998 and our report dated May 20, 1998 relating to the schedule as listed in Item 8 of Form 10-K, which reports appear in the 1998 annual report on Form 10-K of Dataram Corporation.

KPMG PEAT MARWICK LLP

KPMG Peat Marwick LLP

Princeton, New Jersey
July 24, 1998

Dataram Ends Year With Strong Fourth Quarter

PRINCETON, N.J., May 20/PRNewswire/-- Dataram Corporation (Amex: DTM) continued its earnings momentum, achieving solid gains in revenues, net earnings and earnings per share for the fourth quarter of fiscal 1998, Robert V. Tarantino, president and chief executive officer, announced today.

For the fourth quarter ended April 30, 1998, revenues increased 14% to $19.2 million compared to $16.9 million in the year earlier period. Net earnings rose 22% to $1,075,000, or $.35 per share, versus $879,000, or $.27 per share, for last year's comparable quarter.

For the fiscal year ended April 30, 1998, revenues increased 12% to $77.3 million compared to the $69.0 million reported in fiscal 1997. Net earnings were $3,722,000 in fiscal 1998 versus $3,769,000 in fiscal 1997. Dataram reported improved earnings per share of $1.19 in 1998 versus $1.10 earnings per share in 1997. During the fourth quarter, Dataram completed the Open Market Repurchase Plan announced on July 11, 1997 which provided for the repurchase of up to 300,000 shares of the Company's common stock. The Company purchased the full 300,000 shares at a total cost of $2,989,000.

Dataram achieved its third consecutive quarter of strong earnings growth. "In the first quarter, we revamped out product line to focus exclusively on high capacity memory products, which significantly contributed to improved margins and earnings growth," Tarantino stated. "We have been consistently 'first to market' with new product introductions which also improved margins. Additionally, we invested heavily during the year to expand our domestic and international sales force resulting in a broadened customer base.

Paced by increased demand in Dataram's key markets - for high performance workstations and servers - volume remained strong. "For the fourth quarter and fiscal year, we increased revenues. Volume increases have more than offset reduced product selling prices," Tarantino said. "Our continuing commitment to invest in our manufacturing facility has enabled us to profitably achieve this growth. Additionally, our new distribution center in the United Kingdom is allowing us to profitably serve a rapidly expanding European Union customer base."

Tarantino noted another significant event in the fourth quarter, a licensing agreement enabling Dataram to use Sun Microsystems, Inc. patented memory module technology, which should enhance sales to the Sun market. The agreement resolved litigation between Sun and Dataram that began in August 1996, in which the Company has incurred considerable legal expense.

Earlier in the year, the Company entered into a licensing agreement with Silicon Graphics, Inc. which resulted in increased favorable customer acceptance of the Company's product offerings in that market.

"Looking ahead, we see continued strong volume growth, a broadened product line in our markets and an expanding customer base," Tarantino said. "We are confident of revenue and earnings growth in fiscal 1999."

Dataram develops, manufactures and markets gigabyte memory boards for the UNIX and Windows NT workstations and server markets.

(more)

Dataram Corporation and Subsidiary
Consolidated Summary Information
(In thousands except per share amounts)

	Quarter Ended April 30		Year Ended April 30	
	1998	1997	1998	1997
Revenues	$19,227	$16,850	$77,286	$68,980

Net Earnings	$ 1,075	$ 879	$ 3,722	$ 3,769
Earnings Per Share				
- - Basic	$.38	$.28	$1.26	$1.12
- - Diluted	$.35	$.27	$1.19	$1.10
Average Shares Outstanding				
- - Basic	2,836	3,137	2,958	3,361
- - Diluted	3,072	3,299	3,118	3,432

DATARAM CORPORATION AND SUBSIDIARY
Fourth Quarter and Fiscal Year 1998 and 1997
CONSOLIDATED SUMMARY OF EARNINGS
(In thousands, except per share amounts)

	Three Months Ended April 30	Three Months Ended April 30	Twelve Months Ended April 30	Twelve Months Ended April 30
Revenues	$19,227	$16,850	$77,286	$68,980
Costs and expenses:				
Cost of sales	13,879	13,245	58,608	54,409
Engineering and Development	305	297	1,113	1,030
Selling, general and Administrative	3,321	1,885	11,766	7,674
	17,505	15,427	71,487	63,113
Earnings from Operations	1,722	1,423	5,799	5,867
Other income, net	43	8	268	227
Earnings before income taxes	1,765	1,431	6,067	6,094
Income taxes	690	552	2,345	2,325
Net earnings	$1,075	$879	$3,722	$3,769
Net earnings per share				
Basic	$0.38	$0.28	$1.26	$1.12
Diluted	$0.35	$0.27	$1.19	$1.10
Average number of shares Outstanding				
Basic	2,836	3,137	2,958	3,361
Diluted	3,072	3,299	3,118	3,432

(more)

CONSOLIDATED BALANCE SHEETS
(in thousands)

	April 30 1998	April 30 1997
Assets		
Current assets:		
Cash and cash equivalents	$ 7,530	$ 6,836
Trade receivables, net	10,076	8,473
Inventories	2,923	4,396
Other current assets	493	572
Total current assets	21,022	20,277
Property and equipment, net	3,435	2,254
Other assets	7	6
	$24,464	$22,537
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,699	$ 4,145
Accrued liabilities	1,548	1,093
Income taxes payable	236	0
Total current liabilities	6,483	5,238

Deferred income taxes	1,013	1,013
Stockholders' equity:		
Common stock	2,781	3,078
Additional paid-in capital	2,126	2,453
Retained earnings	12,061	10,755
Total stockholders' equity	16,968	16,286
	$24,464	$22,537

SOURCE Dataram Corporation
-0-   05/20/98
/CONTACT: Mark Maddocks, Vice-President, Finance of Dataram, 609-
799-0071/
(DTM)

Dataram Licenses Sun Microsystems, Inc. Memory Technology

PRINCETON, N.J., April 1/PRNewswire/ -- Dataram Corporation (Amex: DTM) has entered into a license agreement that allows Dataram to use Sun Microsystems, Inc.'s (Nasdaq: SUNW) patented memory module technology, Robert V. Tarantino, president and chief executive officer, announced today. The license agreement resolves litigation between Sun and Dataram that has been pending since August, 1996.

"We are pleased that this matter has been resolved amicably," Tarantino declared. "While terms and conditions are confidential, the agreement has no adverse impact on the company's reported consolidated financial condition, results of operations and liquidity. We are confident that this agreement will enhance our position as a leading independent supplier of memory products."

Dataram develops, manufactures and markets gigabyte memory boards for the UNIX and Windows NT workstations and server memory markets.

SOURCE Dataram Corporation
-0- 04/0198
/CONTACT: Mark Maddocks, Vice-President, Finance of Dataram, 609-799-0071/
(DTM SUNW)

[DATARAM LOGO]

1998 ANNUAL REPORT

[PICTURE OF MEMORY BOARD WITH DESCRIPTION OF VARIOUS TECHNICAL FEATURES]

<PAGE 1>

A Closer Look At Memory.

When you look at a memory board you usually see a small, rather modest looking device with some neatly arranged chips on it. But this apparent simplicity is misleading. The modern high-capacity memory board like the one shown on our cover is complex and carefully designed to get the most performance and greatest reliability from one of the most valuable elements of the computer: the DRAM chip. The memory board circuitry with the DRAM chips is designed to receive programs and data from the computer bus, store them, condition them, present them to the CPU, all at the fastest possible speed and with no errors. The memory is the workhorse in a computer. It carries the heavy load. The more memory a user has, the more work they will be able to do and the more pleasant that work will be.

Financial Highlights

(Dollar figures in thousands, except per share amounts)

Fiscal Year	1998	1997	1996	1995
Revenues	$ 77,286	$ 68,980	$107,627	$103,028
Net earnings (loss)	3,722	3,769	1,450	(1,299)

Net earnings (loss) per common and common share equivalent (diluted)	1.19	1.10	0.38	(0.34)
Working capital	14,539	15,039	16,803	14,061
Stockholders' equity	16,968	16,286	18,078	16,390
Long-term debt	0	0	0	0
Revenue per employee	$ 1,017	$ 1,437	$ 2,031	$ 920

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[PICTURE OF ROBERT TARANTINO]

A Message from the President

I am pleased to present this report on the financial results and business activities of Dataram Corporation for fiscal 1998.

Expanding Customer Base

Dataram is in the forefront as the "first to market" independent manufacturer of high performance memory for computer workstations and network servers. In fiscal 1998, we successfully met the challenge inherent in a very competitive memory marketplace, growing profitably, while making essential investments to insure our future growth. We committed considerable resources to strengthen our sales team, manufacturing and distribution capabilities.

We have improved the effectiveness and scope of our sales force by adding skilled professionals who are servicing new and existing customers in the United States, Western Europe and Asia. Capitalizing on our reputation as a reliable, quality supplier of computer memory for more than three decades, we were able to significantly expand our customer base in both domestic and foreign markets.

We take pride in our ability to ship products to customers the same day of their order. Our distribution facility, established this year in the United Kingdom, insures that European customers will receive service rivaling that given their American counterparts.

Multi-task, business and engineering oriented software, which requires increasing amounts of memory to operate productively is driving the enormous demand for cost-efficient memory in computer workstations and network servers.

In the Forefront of Memory Technology

We improved revenues in fiscal 1998 by achieving substantial volume increases, thereby overcoming the declining cost of DRAM chips which lowered product selling prices. We reinforced our commitment to our automated manufacturing facility, expanding capacity and fine tuning production lines to accommodate the unit volume increase. Since 1995, we have invested approximately $5 million in capital equipment which has improved production efficiencies helping us to increase operating margins.

Dataram has long enjoyed a reputation for exceptional product quality and new product development excellence. We are committed to continuing our investment in manufacturing technology and product development to maintain our competitive advantage.

A Profitable Future

The investments we are making will provide sustained profitable results. There are several reasons for our positive outlook:

1. Volume Growth to Continue. We anticipate that demand for our products will accelerate as Internet business applications continue to grow. Agreements signed with Sun Microsystems and Silicon Graphics - giving Dataram "licensed manufacturer" status - - will generate increased demand for our products in these markets.

2. Infrastructure is Solid. Strategic Additions to our team - supported by ongoing capital investments - has enhanced our marketing, selling, manufacturing and engineering capabilities. These capabilities will provide a solid foundation for our profitable growth.

3. Strong Financial Condition. With a reputation for financial strength and fiscal responsibility, we have financed all capital requirements from operation cash flow. The Company has no long-term debt, with sufficient leverage to comfortably finance our plans.

For these important reasons, we confidently anticipate a strong fiscal 1999.

July 14, 1998

Robert V. Tarantino
President and Chief Executive Officer

Company Profile [PICTURE OF PICK AND PLACE MACHINE PLACING COMPONENTS ON A MEMORY BOARD]

Introduction
Dataram creates and markets computer memory upgrade products to a global market of advanced workstation and network server users. Our products increase the performance of virtually all Compaq, Digital, Hewlett-Packard, IBM, Silicon Graphics and Sun Microsystems workstation and network server platforms by providing high-quality memory at prices significantly lower than the computer manufacturers. Our products are in every way similar to the original equipment manufacturers in form, fit and function. The high quality and value advantage we offer has earned us a reputation as an excellent company supplying a product of critical importance to our customers for more than 30 years.

We are a quality and service oriented company supporting our customers throughout the world in diverse productive enterprises including engineering and manufacturing, business and finance, science and education, government and utilities, and arts and entertainment. In these areas and others we help increase group and individual productivity.

The Computer Industry and Dataram

Dataram's 30+ years of success and growth is grounded in solid engineering, quality-oriented manufacturing, the highest possible level of customer service, value pricing and the maintenance of a solid corporate financial condition. All of these are integrated into a vision that recognizes the nature of the computer revolution and the contemporary computer industry. From that vision, we have positioned ourselves as a significant strategic resource to an important market sector that will grow strongly for the next decade and beyond.

Dataram's strength is our ability to acknowledge the volatility in our industry and to take creative steps to profit from what it offers us. At Dataram we know the difficult truth that any of our hard-won advantages and our most treasured strengths can become liabilities. We constantly assess our ideas and our resources for their relevance to tomorrow's Dataram, not today's.

Doing the Fundamentals Right

The one constant in what we do and the source of our ability to respond is a concentration on the fundamentals. For us, the first fundamental is maintaining a powerful and flexible engineering team. Our engineering asset is the very best, creating advanced memory products for the finest enterprise-wide computer-based information and production infrastructures in the world. Dataram engineering designs superior

[PICTURE OF FINISHED
PRODUCT BEING INSPECTED]

[PICTURE OF COMPONENTS BEING INSPECTED]

memory-in form, fit and function every bit and byte as good as the original equipment version. Radical changes in the state of the memory art and rapidly emerging technical trends are what we thrive on; that's where we find our opportunities. Powerful, flexible Dataram engineering responds with quality and speed so we can be the first to provide our customers with an affordable upgrade they can count on.

Our second fundamental is service and support. We saw early that cost reductions and technical advancement in telecommunications, the spread of computer-based high-definition communications media such as the Internet, the burgeoning package shipping industry and the heightened service expectations of customers throughout the world would provide a competitive opportunity for us. We've capitalized on that opportunity with a fully developed and constantly evolving customer service and support infrastructure that includes: direct and immediate telephone access to memory and service consultants, a family of worldwide distributors, the creation of a European distribution center, a record of 97% for shipment of product within 24 hours of order, a lifetime guarantee and an internet-based Virtual Sales Office for direct ordering and tracking every hour of every day.

Our third fundamental is the maintenance of a strong corporate financial condition, one achieved through prudent investment in our operating infrastructure, the avoidance of debt and the resolve to make whatever changes in human or material resources are required to remain healthy and grow.

Our financial condition is itself a strategic resource that gives substance to all that we do. It lets us take advantage of important opportunities such as new demand, whether created by emerging products among manufacturers for whom our products are designed or by emerging and maturing market sectors.

Financial health lets us defend against the hazards that are a natural part of our business environment and our position as a midsize company among larger companies. Financial health lets us develop and maintain economically favorable relationships with suppliers, financial institutions and the business community in general. It helps us attract skilled and motivated staff at every level of the company. It supports thorough and confident implementation of our short-range and long-range plans. Our financial condition is the corporate "fitness" that enables us to chase down opportunity and escape adversity.

[PICTURE OF STENCIL PRINTER]

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

Overview

Dataram is a developer, manufacturer and marketer of quality memory products for use with computer workstations and network servers. The Company's memory products, principally for workstations and servers manufactured by Sun Microsystems, Hewlett-Packard, Digital Equipment Corporation, Silicon Graphics, IBM, and COMPAQ 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. 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 85% of the total cost of a finished workstation 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,	1998	1997	1997
Revenues	100.0%	100.0%	100.0%
Cost of sales	75.8	78.9	90.0
Gross profit	24.2	21.1	10.0
Engineering and development	1.5	1.5	1.5
Selling, general and administrative	15.2	11.1	6.2
Earnings from operations	7.5	8.5	2.3
Other income (expense), net	0.3	0.3	(0.1)
Earnings before income tax expense	7.8	8.8	2.2
Income tax expense	3.0	3.4	0.9
Net earnings	4.8	5.4	1.3

Fiscal 1998 Compared With Fiscal 1997

During fiscal 1998 DRAM chips continued to dramatically decline in price. At the beginning of the fiscal year, 64 megabit and 16 megabit DRAMs cost approximately $48 and $8, respectively. By the end of the year these same DRAMs were approximately $10 and $2. As a result of this decline and the competitive nature of the industry, average selling prices for most of the Company's products have declined commensurately. However, unit volume measured as gigabytes shipped has offset the selling price decline. Workstation and server users are increasingly purchasing larger capacity memory boards based on 64 megabit DRAM technology as these products have become more cost effective.

Revenues in 1998 totaled $77.3 million, an increase of 12% from 1997 revenues of $69.0 million. The increase in fiscal 1998 was the result of increased unit volume offset by reduced average selling prices. In fiscal 1998, the Company implemented a planned expansion of its domestic and international sales force. This enhanced resource has led to an expanded customer base and increased volume. As in prior years, the majority of the Company's revenues have been generated by products designed for SUN, Hewlett-Packard and DEC platforms. In fiscal 1998, the Company entered into a licensing agreement with Silicon Graphics, Inc. which has resulted in increased revenue generated by products designed for that market. In the fourth quarter of fiscal 1998, the Company entered into a licensing agreement with Sun Microsystems, Inc. which allows the Company to use Sun's patented memory module technology. In fiscal 1998, approximately 71% of revenues were derived from domestic sales, 19% from sales into Europe, with the majority of the remaining sales coming from Pacific Rim countries.

Cost of sales increased $4.2 million in fiscal 1998 from fiscal 1997. However, cost of sales as a percentage of revenue decreased by 3.1% in fiscal 1998 from fiscal 1997. The decrease in percentage

is primarily attributable to a decision made by the Company in the beginning of fiscal 1998 to focus exclusively on higher capacity memory products which command higher margins.

Engineering and development costs amounted to $1.1 million and $1.0 million in 1998 and 1997, respectively. The Company intends to maintain its commitment to timely introduction of new memory products.

Selling, general and administrative costs were $11.8 million in fiscal 1998 versus $7.7 million in fiscal 1997. In fiscal 1998, the Company incurred approximately $2.0 million in legal expenses associated with a previously announced complaint filed by Sun Microsystems, Inc. Prior year expenses related to this matter totaled approximately $400,000. The litigation was resolved in fiscal 1998 and all expenses associated with the litigation have either been paid or accrued as of the end of fiscal 1998. The remainder of the year over year increase is primarily the result of the previously mentioned expansion of the Company's sales force.

Other income, net totaled $268,000 and $227,000 in 1998 and 1997, respectively. Other income in both years consists primarily of net interest income.

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.

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.

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 Sun Microsystems, Inc. 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 expense consists primarily of net interest expense.

Liquidity and Capital Resources

During fiscal 1998 the Company purchased and retired 335,000 shares of its common stock at a total price of $3.3 million financed entirely by operating earnings.

Working capital at the end of fiscal 1998 amounted to $14.5 million, including cash and cash equivalents of $7.5 million, compared to working capital of $15.0 million, including cash and cash equivalents of $6.8 million in fiscal 1997. Current assets at year end were 3.2 times current liabilities compared to 3.9 at the end of fiscal 1997.

Inventories at the end of fiscal 1998 were $2.9 million compared to fiscal 1997 year-end inventories of $4.4 million. Currently, DRAMs remain readily available and the Company maintains only the required level of inventory necessary to support its customer base. At the end of fiscal 1997, the price of DRAMs increased and the Company temporarily elected to increase its inventory commitment.

Capital expenditures were $1,966,000 in fiscal 1998 compared to $650,000 in fiscal 1997. Capital expenditures in both years included approximately $200,000 for leasehold improvements and facility renovation. Subsequent to the end of the fiscal year, approximately $515,000 of the capital equipment purchased for the Company's manufacturing operation in fiscal 1998 was placed on an operating lease, which is consistent with prior year's practices.

Remaining fiscal 1998 and fiscal 1997 capital expenditures were primarily for automated testing equipment and management information systems upgrades. At the end of fiscal 1998, contractual commitments for capital purchases were nil. Fiscal 1999 capital expenditures are not expected to exceed fiscal 1998 expenditures.

The Company's products are all year 2000 compliant. The Company has reviewed its information systems and intends to complete the upgrade of any non year 2000 compliant systems in fiscal 1999. Management estimates that the financial impact of the upgrade will not have a material effect on the Company's consolidated financial condition, results of operations and liquidity.

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

During fiscal 1998, the Company amended and restated its $12 million unsecured revolving credit line with its bank. The credit facility was unused during fiscal 1998. 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.

	1998		1997	
	High	Low	High	Low
First Quarter	10 7/8	9	6 11/16	5 1/2
Second Quarter	10 3/8	8 1/8	8 1/8	6 1/8
Third Quarter	9 11/16	8	11 1/4	7 5/8
Fourth Quarter	12 11/16	9 13/16	11 7/8	8 1/2

At April 30, 1998 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 SUBSIDIARY
Consolidated Balance Sheets
April 30, 1998 and 1997
(In thousands, except share amounts)

	1998	1997
Assets		
Current assets:		
Cash and cash equivalents	$ 7,530	$ 6,836
Trade receivables, less allowance for doubtful accounts of $450		

$800 in 1998 and in 1997, respectively	10,076	8,473
Inventories:		
Raw materials	1,759	3,369
Work in process	61	98
Finished goods	1,103	929
	2,923	4,396
Income tax receivable (note 3)	--	48
Deferred income taxes (note 3)	425	423
Other current assets	68	101
Total current assets	21,022	20,277
Property and equipment, at cost:		
Land	875	875
Machinery and equipment	8,806	6,840
	9,681	7,715
Less accumulated depreciation	6,246	5,461
Net property and equipment	3,435	2,254
Other assets	7	6
	$24,464	$22,537
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 4,699	$ 4,145
Accrued liabilities (note 6)	1,784	1,093
Total current liabilities	6,483	5,238
Deferred income taxes (note 3)	1,013	1,013
Total liabilities	7,496	6,251
Stockholders' equity (note 4):		
Common stock, par value $1.00 per share. Authorized 18,000,000 shares; issued and outstanding 2,781,405 in 1998 and 3,077,449 in 1997	2,781	3,078
Additional paid-in capital	2,126	2,453
Retained earnings	12,061	10,755
Total stockholders' equity	16,968	16,286
Commitments and Contingencies(notes 5 and 9)		
	$24,464	$22,537

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARY
Consolidated Statements of Earnings
Years ended April 30, 1998, 1997 and 1996
(In thousands, except per share amounts)

	1998	1997	1996
Revenues	$ 77,286	$ 68,980	$107,627

Costs and expenses:			
Cost of sales	58,608	54,409	96,929
Engineering and development	1,113	1,030	1,584
Selling, general and administrative	11,766	7,674	6,661
	71,487	63,113	105,174
Earnings from operations	5,799	5,867	2,453
Other income (expense):			
Other income (expense), net	3	18	(2)
Interest income	305	276	41
Interest expense	(40)	(67)	(100)
	268	227	(61)
Earnings before income tax expense	6,067	6,094	2,392
Income tax expense (note 3)	2,345	2,325	942
Net earnings	$3,722	$3,769	$1,450
Net earnings per common share:			
Basic	$ 1.26	$ 1.12	$ .38
Diluted	$ 1.19	$ 1.10	$ .38

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows
Years ended April 30, 1998, 1997 and 1996
(In thousands)

	1998	1997	1996
Cash flows from operating activities:			
Net earnings	$3,722	$3,769	$1,450
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	785	594	693
Loss on disposition of property and equipment	-	-	2
Bad debt expense	435	263	485
Deferred income tax expense (benefit)	(2)	50	710
Changes in assets and liabilities:			
(Increase) decrease in trade receivables	(2,038)	3,342	2,333
(Increase) decrease in inventories	1,473	(2,084)	5,749
Decrease in income tax receivable	48	376	252
(Increase) decrease in other current assets	33	(51)	(6)
(Increase) decrease in other assets	(1)	-	9
Increase (decrease) in accounts payable	554	(1,764)	(2,871)
Increase (decrease) in accrued liabilities	691	70	(1,021)
Net cash provided by operating activities	5,700	4,565	7,785
Cash flows from investing activities:			

	1998	1997	1996
Proceeds from sale of property and equipment	-	-	7
Purchase of property and equipment	(1,966)	(650)	(270)
Net cash used in investing activities	(1,966)	(650)	(263)

Cash flows from financing activities:			
Purchase and subsequent cancellation of shares of common stock	(3,318)	(5,671)	-
Proceeds from sale of common shares under stock option plan (including tax benefits)	278	110	238
Net cash provided by (used in) financing activities	(3,040)	(5,561)	238
Net increase (decrease) in cash and cash equivalents	694	(1,646)	7,760
Cash and cash equivalents at beginning of year	6,836	8,482	722
Cash and cash equivalents at end of year	$ 7,530	$ 6,836	$ 8,482

Supplemental disclosures of cash flow information:

Cash paid during the year for:			
Interest	$ 52	$ 43	$ 125
Income taxes	$ 2,033	$ 1,881	$ 582

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity
Years ended April 30, 1998, 1997 and 1996
(In thousands, except share amounts)

	Common stock	Additional paid-in capital	Retained earning	Total stock-holders' equity
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
Issuance of 39,000 shares under stock option plans	39	239	-	278
Purchase and subsequent cancellation of				

335,044 shares	(336)	(566)	(2,416)	(3,318)
Net earnings	-	-	3,722	3,722
Balance at April 30, 1998	$ 2,781	$ 2,126	$12,061	$16,968

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements
April 30, 1998, 1997 and 1996

(1) Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Dataram International Sales Corporation (a Domestic International Sales Corporation (DISC)). All significant intercompany transactions and balances have been eliminated.

Cash and cash equivalents

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

Inventory valuation

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

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.

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 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. 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.

Net earnings per share

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share". SFAS 128 establishes standards for computing and presenting earnings per share and is effective for financial statements for both interim and annual periods ending after December 15, 1997. Accordingly, the accompanying net earnings per share information has been calculated and presented in accordance with the provisions of SFAS 128.

Basic net earnings per share was calculated by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted net earnings per share 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).

The following presents a reconciliation of the numerator and denominator used in computing Basic and Diluted net earnings per share:

(Earnings in thousands)

	Year ended April 30, 1998		
	Earnings (numerator)	Shares (denominator)	Per share amount
Basic net earnings per share - -net earnings and weighted average common shares outstanding	$ 3,722	2,958,015	$ 1.26
Effect of dilutive securities - -stock options	-	160,310	
Diluted net earnings per share - -net earnings, weighted average common shares outstanding and effect of stock options	$ 3,722	3,118,325	$ 1.19

	Year ended April 30, 1997		
	Earnings (numerator)	Shares (denominator)	Per share amount
Basic net earnings per share - -net earnings and weighted			

average common shares outstanding	$ 3,769	3,360,975	$ 1.12
Effect of dilutive securities - -stock options	-	71,286	
Diluted net earnings per share - -net earnings, weighted average common shares outstanding and effect of stock options	$ 3,769	3,432,261	$ 1.10

	Year ended April 30, 1996		
	Earnings (numerator)	Shares (denominator)	Per share amount
Basic net earnings per share - -net earnings and weighted average common shares outstanding	$ 1,450	3,816,261	$ 0.38
Effect of dilutive securities - -stock options	-	16,354	
Diluted net earnings per share - -net earnings, weighted average common shares outstanding and effect of stock options	$ 1,450	3,832,615	$ 0.38

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

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

SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", requires that long-lived assets and certain identifiable intangibles be 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 future net cash flows expected to be generated by

the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Adoption of this Statement has had no material impact on the Company's financial position, results of operations, or liquidity.

Accounting for stock based compensation

SFAS No. 123, "Accounting for Stock-based Compensation", requires companies to make pro forma disclosures in a footnote of net earnings 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 4).

Impact of Recent Accounting Standards

In June 1997, FASB issued SFAS No. 130, "Reporting Comprehensive Income", and SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information".

SFAS 130 establishes standards for the reporting and display of comprehensive earnings in the financial statements. Comprehensive earnings is the total of net earnings and all other non-owner changes in equity. SFAS 131 requires that companies disclose segment data based on how management makes decisions about allocating resources to segments and measuring their performance. SFAS 130 and 131 are effective for fiscal 1999. Adoption of these standards is expected to result in additional disclosures, but will not have an effect on the Company's consolidated financial position or results of operations.

(2) Long-Term Debt

On November 1, 1997, the Company amended and restated its credit facility with its bank. Under the amended agreement, the Company modified certain financial covenants and increased its revolving credit facility to $12,000,000 until October 31, 1998, at which point it will decrease to $6,000,000 until October 31, 1999. 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 1998 and 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, 1998, the amount available for borrowing under the revolving credit facility was $12,000,000.

(3) Income Taxes

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

(In thousands)	1998	1997	1996
Current:			
Federal	$ 1,889	$ 1,889	$ 232
State	458	386	-
	2,347	2,275	232
Deferred:			
Federal	(1)	(26)	598
State	(1)	76	112
	(2)	50	710

Total income tax expense	$ 2,345	$ 2,325	$ 942

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

(In thousands)	1998	1997	1996
Computed "expected' tax expense	$ 2,063	$ 2,072	$ 813
State income taxes(net of Federal income tax benefit)	303	303	(74)
Other	(21)	(50)	55
	$ 2,345	$ 2,325	$ 942

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

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(In thousands)	1998	1997
Deferred tax assets:		
Compensated absences, principally due to accrual for financial reporting purposes	$ 125	$ 88
Accounts receivable, principally due to allowance for doubtful accounts	176	312
Property and equipment, principally due to differences in depreciation	104	23
Inventory, principally due to reserve for obsolescence	20	-
Total gross deferred tax assets	425	423
Less valuation allowance	-	-
Net deferred tax assets	425	423
Deferred tax liabilities:		
Investment in wholly-owned subsidiary, principally due to unremitted earnings of DISC	(663)	(663)
Other	(350)	(350)
Total gross deferred tax liabilities	(1,013)	(1,013)
Net deferred tax liabilities	$(588)	$(590)

(4) Stock Option Plans

During 1982, the Company adopted an incentive stock option plan. In 1997, 6,000 options were exercised under this plan at an exercise price of $3.567. 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 nonstatutory 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, 1998, 239,400 of the outstanding options are exercisable.

The status of the 1992 plan for the three years ended April 30, 1998 is as follows:

	Options Outstanding	
	Shares	Exercise price per share
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
Granted	232,000	8.438-10.75
Exercised	(39,000)	7.125
Cancelled	(22,000)	5.125-7.125
Balance April 30, 1998	667,000	$5.125-10.75

The Company also grants nonqualified stock options to nonemployee 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 nonemployee directors are exercisable at a price representing the fair value at the date of grant. Of each option, 25% is first exercisable on or after the date of the grant and an additional 25% on each of three succeeding anniversary dates. At April 30, 1998, 36,000 of the outstanding options are exercisable.

The status of the nonemployee director options for the three years ended April 30, 1998 is as follows:

	Options Outstanding	
	Shares	Exercise price per share
Balance April 30, 1995	150,000	$ 11.25
Granted	_	_
Exercised	-	-
Cancelled	(30,000)	11.25
Balance April 30, 1996	120,000	11.25
Granted	30,000	6.938
Exercised	-	-
Cancelled	-	-
Balance April 30, 1997	150,000	6.938-11.25
Granted	120,000	8.438
Exercised	-	-

Cancelled	(120,000)	11. 25
Balance April 30, 1998	150,000	$6.938-11.25

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The following table summarizes information about stock options outstanding at April 30, 1998:

	Options outstanding			Options exercisable	
Range of exercise price	Number out-standing at April 30, 1998	Weighted average remaining contractual life	Weighted average exercise price	Number exercis-able at April 30, 1998	Weighted average exercise price
$ 5.125-6.75	122,000	7.28	$ 5.66	48,800	$ 5.66
6.938-7.125	313,000	6.33	7.03	190,600	7.09
8.438-10.75	382,000	9.49	8.92	36,000	8.82
$5.125-10.75	817,000	7.95	7.71	275,400	7.07

The Company has adopted the disclosure-only provisions of SFAS No. 123, and applies APB Opinion 25 in accounting for its plans and, accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price at the date of the grant over the amount an employee must pay to acquire the stock. Because the Company grants options at a price equal to the market price of stock at the date of grant, no compensation expense is recorded. 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)

	1998	1997	1996
Net earnings as reported	$ 3,722	$ 3,769	$ 1,450
Net earnings pro forma	3,517	3,667	1,418
Net earnings per share as reported:			
Basic	1.26	1.12	.38
Diluted	1.19	1.10	.38
Net earnings per share pro forma:			
Basic	1.19	1.07	.37
Diluted	1.13	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 1998, 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 1998, 1997 and 1996 is estimated at grant date using the Black-Scholes option pricing model with the following weighted average assumptions: for 1998 - expected dividend yield 0.0%, risk free interest rate of 6.5%, expected volatility of 37%, and an expected life of 7.5 years; 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 1998, 1997 and 1996 was $4.86, $4.14 and $2.42, respectively.

(5) Commitments

The Company and its subsidiary occupy various facilities and operate various equipment under operating lease arrangements. Rents charged to operations amounted to approximately $593,000 in 1998, $612,000 in 1997 and $555,000 in 1996.

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

(In thousands)

1999	$ 761
2000	703
2001	358
2002	125
2003	-
	$1,947

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During the year ended April 30, 1998, the Company signed licensing agreements with Silicon Graphics, Inc. and Sun Microsystems, Inc. (SUN) to manufacture memory upgrades for certain high performance servers and workstations. Under these agreements, the Company is obligated to pay a royalty based on sales of such products.

(6) Accrued Liabilities

Accrued liabilities consist of the following:

(In thousands)	1998	1997
Payrolls, including vacations	$ 474	$ 329
Commissions and bonuses	563	559
Royalties (note 5)	364	-
Other	383	205
	$1,784	$1,093

(7) 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 $133,000, $121,000 and $127,000 in 1998, 1997 and 1996, respectively.

(8) Revenues by Geographic Location

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. Revenues for 1998, 1997 and 1996 by geographic region is as follows:

(in thousands) Years ended April 30,	United States	Export Europe	Other	Consolidated
1998	$54,989	$14,860	$7,437	$ 77,286
1997	50,147	12,988	5,845	68,980
1996	76,072	21,630	9,925	107,627

(9)Litigation

In August 1996, SUN 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 SUN in addition to its affirmative defenses.

This case was settled and dismissed with prejudice by the court in April 1998. The Company and SUN entered into a licensing and settlement agreement which resulted in resolution of all claims for damages. The license agreement provides for payment of royalties by the Company on sales of certain defined memory modules.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Dataram Corporation:

We have audited the accompanying consolidated balance sheets of Dataram Corporation and subsidiary as of April 30, 1998 and 1997, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended April 30, 1998. 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 subsidiary as of April 30, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 1998, in conformity with generally accepted accounting principles.

KPMG PEAT MARWICK LLP

Princeton, New Jersey
May 20, 1998

<TABLE>

Selected Financial Data

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

Years Ended April 30,	1998	1997	1996	1995	1994
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Revenues	$ 77,286	$ 68,980	$107,627	$103,028	$ 79,573
Net earnings	3,722	3,769	1,450	(1,299)	(732)
Basic earnings (loss) per share	1.26	1.12	.38	(.34)	(.19)
Diluted earnings (loss) per share	1.19	1.10	.38	(.34)	(.19)
Current assets	21,022	20,277	23,735	24,710	27,027
Total assets	24,464	22,537	25,939	27,355	30,135
Current liabilities	6,483	5,238	6,932	10,649	11,487
Long-term debt	0	0	0	0	0
Total stockholders' equity	16,968	16,286	18,078	16,390	17,903
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
</TABLE>

Quarterly Financial Data (Unaudited)
(In thousands, except per share amounts)

Fiscal 1998	Quarter Ended July 31	October 31	January 31	April 30
Revenues	$18,147	$20,068	$19,844	$19,227
Gross profit	3,512	4,665	5,153	5,348
Net earnings	669	945	1,032	1,076
Net earnings (diluted) per common and common equivalent share	.21	.30	.34	.35

Fiscal 1997	Quarter Ended July 31	October 31	January 31	April 30
Revenues	$17,448	$17,168	$17,514	$16,850
Gross profit	3,560	3,835	3,570	3,606
Net earnings	964	1,014	912	878
Net earnings (diluted) per common and common equivalent share	.26	.30	.27	.27

Earnings per share is calculated independently for each quarter and therefore does not equal the total for the year.

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 symbol DTM.

Annual Meeting

The annual meeting of shareholders will be held on Wednesday, September 9, 1998, 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

[PICTURE OF MEMORY BOARD WITH DESCRIPTION OF VARIOUS TECHNICAL FEATURES]

Dataram Corporation
Princeton, NJ 08543-7528 USA

Voice: 1-609-799-0071

Fax: 1-609-799-6734

www/dataram.com

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Core States
Bank

October 22, 1997

Mr. Mark Maddocks, Vice President/Finance
Dataram Corporation
Route 571 and Slayback Road
West Windsor, NJ 08543

Dear Mr. Maddocks:

This letter will serve as an amendment to the Amendment Number One to Loan Agreement dated November 1, 1996 by and between New Jersey National Bank (New Jersey National Bank has merged with CoreStates Bank, N.A.) And Dataram Corporation.

WHEREAS, the Borrower and the Bank agreed on November 1, 1996 to amend the Loan Agreement to increase the amount of the Revolver Credit Advance Limit and Revolver Note from $10,000,000 to $12,000,000 until October 31, 1997, then decrease the Revolver Credit Advance Limit to $6,000,000 on November 1, 1997, extend the Revolving Credit Maturity Date to October 31, 1998 and correct the Agreement

Page 1 (Section 1) is amended to:

1. The Revolving Credit Maturity Date is hereby extended to October 31, 1999. To that end, the definition of Revolving Credit Maturity Date contained in Section 1.01 of the Agreement is hereby amended to read in its entirety as follows:

"Revolving Credit Maturity Date" means October 31, 1999.

Page 1 Section 2) is amended to:

2. The amount of the Revolver Credit Advance Limit is maintained at $12,000,000 until October 31, 1998, then decreased to $6,000,000 on November 1, 1998 until the Revolver Credit Maturity Date. To that end, the definition of Revolving Credit Advance Limit Contained in Section 1.01 of the Agreement is hereby amended to read in its entirety as follows:

"Revolving Credit Advance Limit" means the sum of Twelve Million Dollars ($12,000,000) through October 31, 1998 and the sum of Six Million Dollars ($6,000,000 from November 1, 1998 until the Revolving Credit Maturity Date.

All other terms and conditions remain unchanged.

Please sign below to acknowledge these changes.

Sincerely,

STEPHEN F. BAYER

Stephen F. Bayer
Vice President

Acknowledged this 28th day of October, 1997.

MARK MADDOCKS

____

Mark Maddocks
Vice President, Finance

Attest:

JEFFREY DUNCAN

____

VP Engineering & Manufacturing
Print Name and Title
Jeff Duncan

May 12, 1998

Third Amendment to Lease Agreement
Between G.S. Developers and Dataram Corporation

The Lease Agreement dated January 31, 1995, between G.S. Developers, and the Dataram Corporation, as amended, is hereby further amended as follows:

The demised premise is hereby expanded to add 25 Richards Road Ivyland, Montgomery County Pennsylvania. The leased premise now consists of all 25, 27 and 29 Richards Road.

The lessee shall take possession immediately. The minimum rental which lessee agrees to pay is $3000.00 per month for the additional space commencing from day of May 1, 1998 possession to the end of the current lease to January 31, 2000. The new aggregate monthly minimum rental shall be $9000.00 for the total space occupied by Dataram.

The additional space is being rented in an "as is" condition and lessee shall be responsible for securing a certificate of occupancy and to make such renovations as it may require. All proposed renovations shall be first submitted to the landlord for landlord's approval. Landlord will not unreasonably withhold its consent.

Continued

In exchange for Lessor's permitting the Lessee to install air conditioning and other equipment on the roof of the leased premises, to the extent that the Lessee or their agents cause damage to the roof in the installation of such equipment and in the maintenance thereof, Lessee will be responsible for the cost of such repairs and Lessor's responsibility to maintain the roof is modified accordingly.

The lessee agrees to install carry pads or similar product on the roof from the edge of the roof to the various units that Lessee shall maintain on the roof to create a walkway to and around the said installation.

The Security Deposit is to be increased to $9000.00.

The option to renew is hereby amended to read as follows:

G.S. Developers will give Dataram an option for two more years at a aggregate minimum monthly rental of $10,000.00. Total $120,000 annual rate from Februaury 1, 2000 to January 31, 2002

G.S. Developers will also give Dataram a second option for two more years at a $3500.00 per month per each bay 25, 27 & 29 totaling $10,500 per month from February 1, 2002 to January 31, 2004.

Continued

ALL OTHER TERMS AND CONDITIONS OF THE ORIGINAL Lease, except as modified by this amendment, shall remain in full force and effort.

IN WITNESS WHEREOF, the parties have hereunto executed these presents this 1st day of May 1998.

SEALED AND DELIVERED
IN THE PRESENCE OF:

WITNESS: MARK MADDOCKS
____

BY: JEFFREY H. DUNCAN   WITNESS: WITNESSED
_______________________   _______________

WITNESS: WITNESSED
____

BY: HARRY SILVER   WITNESS: WITNESSED
______________________   _______________
Harry Silver
G.S. Developers