

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **November 6, 2013**

DATARAM CORPORATION

(Exact name of registrant as specified in charter)

New Jersey	1-8266	22-18314-09
State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
Route 571, P. O. Box 7258, Princeton, NJ		08543-7528
(Address of principal executive offices)		(Zip Code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry Into a Material Definitive Agreement.

Sale Lease-Back

On November 6, 2013, Dataram Corporation (the “Company”) entered into a financing arrangement with David Sheerr (“Sheerr”), an executive officer of the Company, structured as a sale lease-back. Pursuant to the arrangement, the Company sold certain equipment and furniture located at its facility at 130 Corporate Drive, Montgomeryville, PA 18936 (the “Montgomeryville Facility”) to Sheerr in consideration for a reduction of \$500,000 in the remaining principal balance of an outstanding promissory note owed to Sheerr, which promissory note was amended and restated (the “Amended and Restated Note and Security Agreement”). As additional security for the Amended and Restated Note and Security Agreement, the Company collaterally assigned to Sheerr its lease to the Montgomeryville Facility pursuant to a Collateral Assignment of Tenant’s Interest in Lease (the “Collateral Assignment”). The Amended and Restated Note and Security Agreement and the Collateral Assignment are attached as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K, and are incorporated herein by reference.

Simultaneously, the Company leased the equipment and furniture back from Sheerr pursuant to an Equipment and Furniture Lease Agreement (the “Lease”). The Lease has a 5 year term, and provides the Company with the option to extend the term for an additional 2 years. The monthly lease payments that the Company is obligated to pay under the terms of the lease is approximately \$7,500. Sheerr will retain possession of the equipment and furniture upon termination of the Lease. The Lease is attached as Exhibit 10.3 to this Current Report on Form 8-K, and is incorporated herein by reference.

Financing Agreement

On November 6, 2013, the Company entered into a new financing agreement (the “Financing Agreement”) with Rosenthal & Rosenthal, Inc. The Financing Agreement provides for a revolving loan with a maximum borrowing capacity of \$3,500,000. The loans under the Financing Agreement mature on November 30, 2016 unless such Financing Statement is either earlier terminated or renewed. Loans outstanding under the Financing Agreement will bear interest at a rate of the Prime Rate (as defined in the Financing Agreement) plus 3.25% (the “Effective Rate”) or on Over-advances (as defined in the Financing Agreement), if any, at a rate of the Effective Rate plus 3%. The Financing Agreement contains other restrictive covenants, including, among others, covenants limiting our ability to incur indebtedness, guarantee obligations, sell assets, make loans, enter into mergers and acquisition transactions and declare or make dividends. Borrowings under the Financing Agreement are collateralized by substantially all the assets of the Company.

The Financing Agreement is attached as Exhibit 10.4 to this Current Report on Form 8-K, and is incorporated herein by reference.

The key terms of the Sale Lease-Back and the Financing Agreement are described in a press release which is attached as Exhibit 99.1 to this Form 8-K and incorporated in this Item 1.01 by reference.

Item 1.02. Termination of a Material Definitive Agreement.

The Company used a portion of the proceeds from the Financing Agreement to repay in full all amounts due under the prior Amended and Restated Schedule to Loan and Security Agreement dated May 17, 2012 between Crestmark Capital Lending LLC and the Company (the “Prior Loan Agreement”). Upon such repayment, the Prior Loan Agreement was terminated.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Section 1.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

<u>No.</u>	<u>Description</u>
10.1	Form of Amended and Restated Note and Security Agreement, dated as of October 31, 2013, by and between the Company and David Sheerr
10.2	Form of Collateral Assignment of Tenant's Interest in Lease dated as of November 6, 2013 by and among the Company, Nappen & Associates and David Sheerr
10.3	Form of Equipment and Furniture Lease Agreement, dated as of October 31, 2013, by and between the Company and David Sheerr
10.4	Form of Financing Agreement, dated as of November 6, 2013, by and between the Company and Rosenthal & Rosenthal, Inc.
99.1	Press Release dated November 8, 2013

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DATARAM CORPORATION
(Registrant)

Date: November 8, 2013

By: /s/ MARC P. PALKER
(Signature)
Marc P. Palker
Chief Financial Officer

AMENDED AND RESTATED NOTE AND SECURITY AGREEMENT

AMENDED AND RESTATED NOTE AND SECURITY AGREEMENT (this “**Agreement**”), dated as of October 31, 2013, by and among David Sheerr, whose principal address is 130 Corporate Drive, Montgomeryville, PA 18936 (“**Sheerr**”) and Dataram Corporation (“**Dataram**”), whose principal address is Route 571, P.O. Box 7528, Princeton, NJ 08543-7528.

WHEREAS, Dataram entered into a Note and Security Agreement dated as of December 14, 2011 in which Dataram borrowed from Sheerr, and Sheerr lent to Dataram, the sum of \$2,000,000.00 (the “**Original Loan**”) upon the terms and conditions set forth therein;

WHEREAS, Dataram wishes to sell to Sheerr, and Sheerr wishes to purchase from Dataram, certain equipment and furniture of Dataram for a purchase price of \$500,000.00 (the “**Purchase Price**”);

WHEREAS, Dataram desires to use the proceeds of the Purchase Price received from Sheerr to reduce the remaining principal amount of the Original Loan by an amount equal to \$500,000.00 and Sheerr desires to amend and restate the Original Loan to reflect the same; and

WHEREAS, Dataram is willing to grant to Sheerr a second priority security interest as described below in the Collateral (as defined herein) in connection with this Agreement;

NOW, THEREFORE, in consideration of the premises and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Loan. Dataram does hereby promise to pay to the order of Sheerr the sum of \$966,666.57 in the manner hereinafter specified. Dataram shall pay from the date hereof interest at the fixed rate of 10.00% per annum, calculated on the basis of a 360 day year, on the remaining unpaid principal balance. Accrued interest shall be payable monthly on the 15th day of each month, or the next business day if such date falls on a Saturday, Sunday or holiday for banks located in New Jersey. Principal shall be payable in 29 equal monthly installments of \$33,333.33, beginning on November 15, 2013 and subsequently on the 15th day of each month thereafter (or the next business day if such date falls on a Saturday, Sunday or holiday for banks located in New Jersey) until paid in full. Notwithstanding the foregoing, the principal and all accrued interest shall become immediately due and payable, in full, upon Sheerr's termination of employment by Dataram or his assignment to an office of Dataram other than 130 Corporate Drive, Montgomeryville, PA 18936. Dataram may prepay any or all sums due under this Agreement at any time without penalty. All payments shall be made to Sheerr at the address listed above or at such other address or wire instructions as Sheerr shall designate in writing.
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2. Grant of Security Interest. In order to secure the obligations of Dataram to repay the Loan, interest thereon, and any other sums payable by Dataram to Sheerr (the “**Payment Obligations**”), Dataram hereby assigns, grants and pledges to Sheerr a second priority security interest in (i) all of Dataram's physical assets, now existing or hereafter acquired, including but not limited to all goods, inventory, equipment, furniture and fixtures, (ii) all of Dataram's accounts receivable, now existing or hereafter acquired and (iii) all proceeds of the foregoing, in each case as such terms are defined in the Uniform Commercial Code of the State of New Jersey (collectively, the “**Collateral**”); provided, however, that for the avoidance of doubt the parties agree that the Collateral shall not include, and Sheerr acknowledges that it shall have no security interest in, Dataram's intellectual property, including but not limited to patents, trademarks and copyrights. The security interest granted to Sheerr herein shall be subordinated to the R&R Security Interest (as defined below) described in Section 3 below. Dataram will not, without the prior written consent of Sheerr, other than in the ordinary course of business (i) sell, assign or transfer (by operation of law or otherwise) any Collateral or (ii) move any Collateral.

3. Preservation and Protection of Security Interest. (a) Dataram represents and warrants that it has, and covenants and agrees that at all times during the term of this Agreement, it will have, good and marketable title to the Collateral from time to time owned or acquired by it free and clear of all mortgages, pledges, liens, security interests, charges or other encumbrances, except for (i) the security interest granted to Rosenthal & Rosenthal, Inc. (“**R&R**”) under the Security Agreement, dated November 6, 2013, as amended to date and as may be further amended from time to time, except as provided in Section 3(b) below (the “**R&R Security Interest**”), which is a first priority security interest to which Sheerr agrees the security interest granted under this Agreement is subordinated, and (ii) those in favor of Sheerr, and shall defend the Collateral against the claims and demands of all other persons, firms and entities whomsoever. Dataram covenants and agrees that it shall not, without the prior written consent of Sheerr (except for the existing R&R Security Interest) (i) borrow against the Collateral or any portion of the Collateral from any other person, firm or entity, (ii) grant or create or permit to attach or exist any mortgage, pledge, lien, charge or other encumbrance, or security interest on, of or in any of the collateral or any portion of the Collateral except those in favor of Sheerr, (iii) permit any levy or attachment to be made against the Collateral or any portion of the Collateral or (iv) permit any financing statements to be on file with respect to any of the Collateral, except financing statements in favor of Sheerr. Dataram shall faithfully preserve and protect Sheerr's security interest in the Collateral and shall at its own cost and expense, cause that security interest to be perfected and continue to be perfected so long as the Loan or any portion of the Loan is outstanding, unpaid or executor. For purposes of the perfection of Sheerr's security interest in the Collateral in accordance with the requirements of this Agreement, Dataram shall from time to time at the request of Sheerr file or record, or cause to be filed or recorded,

such instruments, documents and notices, including assignments, financing statements and continuation statements (including, without limitation, financing statements filed in the State of New Jersey), as Sheerr may deem necessary or advisable from time to time in order to perfect and continue perfected such security interest. Dataram shall do all such other acts and things and shall execute and deliver all such other instruments and documents, including further security agreements, pledges, endorsements, assignments and notices, as Sheerr in his reasonable discretion, may deem necessary or advisable from time to time in order to perfect and preserve the relative priority of such security interest in the Collateral prior to the rights of all third persons, firms and entities, except as is otherwise provided in this Agreement. Dataram irrevocably appoints Sheerr (and any of Sheerr's designated agents) as the attorney-in-fact of Dataram to do all acts and things which may reasonably deem necessary or advisable from time to time to preserve, perfect and continue perfected Sheerr's security interest in the Collateral in accordance with the requirements of this Agreement, including, but not limited to, signing any financing statements or amendments to financing statements evidencing Sheerr's security interest in the Collateral for and on behalf of Dataram. Dataram agrees that a carbon, photographic or other reproduction of this Agreement or a financing statement is sufficient as a financing statement and may be filed instead of the original.

(b) Dataram represents and warrants that the existing R&R Loan and Security Agreement authorizes Dataram to borrow no more than 90% of its domestic receivables or 50% of its foreign receivables, up to a maximum of \$500,000 in the aggregate, and that it will not amend such percentage, pledge additional collateral to R&R or increase the aggregate amount to be borrowed from R&R without the prior written consent of Sheerr, which consent may not be unreasonably withheld.

4. Default. If any of the sums of principal or interest mentioned herein are not promptly paid when due and such failure continues for a period of five days, or if each and every agreement, stipulation, condition and covenant of this Agreement are not fully performed, complied with or abided by, or if Dataram shall file or have a petition filed against it under any applicable bankruptcy or insolvency laws or makes an assignment for the benefit of creditors, or otherwise admits in writing a failure to pay debts as they fall due (an “**Event of Default**”), then any Payment Obligations shall at the option of the holder hereof become, at once due and collectible without notice, time being of the essence. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any continuing or subsequent default. Dataram hereby waives presentment, protest, notice of protest and notice of dishonor and agrees to pay all costs, including reasonable attorneys' fees whether suit be brought or not, if, after the date any payment is due hereunder or a default has occurred hereunder, counsel shall be employed to collect any Payment Obligations or to protect the security of the Collateral.

5. Rights and Remedies of a Secured Party . Subject to the R&R Security interest and the rights of R&R, Sheerr shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the State of New Jersey in addition to such other rights and remedies which Sheerr may have at law or in equity or under this Agreement.
6. Continuing Obligations; Remedies, etc., Cumulative. This Agreement shall create a continuing security interest in the Collateral, and all covenants and agreements of Dataram shall survive until payment in full of all Payment Obligations. This Agreement shall be binding upon Dataram and its respective successors and assigns and shall inure to the benefit of Sheerr and his respective heirs and assigns. Each right, power and remedy of Sheerr provided for in this Agreement, now or hereafter existing at law or in equity or by statute, shall be cumulative, and may be exercised cumulatively or concurrently and are not exclusive of any rights or remedies provided by law.
7. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
8. Governing Law; Terms. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey without regard to principles of conflict of laws, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of the Collateral are governed by the laws of a jurisdiction other than the State of New Jersey.
9. Judicial Proceedings, Jury Trial Waiver. Any judicial proceeding brought with, respect to this Agreement may be brought in any court of competent jurisdiction in Mercer County, the State of New Jersey and each party hereto hereby waives any objection that they may have to the laying of venue in any such court or that any such court is an inconvenient forum or does not have personal jurisdiction over them. Each party hereto agrees that service of process may be made upon it or him by mailing a copy of said process to such party, by certified or registered mail, return receipt requested, at its address set forth herein. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH THEY ARE PARTIES INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, THE RELATIONSHIP ESTABLISHED HEREUNDER OR ANY DOCUMENT OR INSTRUMENT EXECUTED AND DELIVERED IN CONNECTION HEREWITH. No failure or delay on the part of Sheerr in exercising any right, remedy, power or privilege under this Agreement shall operate as a

waiver thereof or of any other right, remedy, power or privilege of Sheerr hereunder; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other right, remedy, power or privilege or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10. Further Assurances. Each party hereto agrees to (i) execute and deliver, or to cause to be executed and delivered, all such other and further agreements, documents and instruments (including, but not limited to, any UCC financing statements, amendments or continuations thereto or terminations thereof) and (ii) take or cause to be taken all such actions as the other party may reasonably request to effectuate the intent and purposes, and to carry out the terms, of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

David Sheerr

DATARAM CORPORATION

By:

Name: John H. Freeman

Title: President and Chief Executive Officer

[Signature page to Amended and Restated Note and Security Agreement]

Prepared by and record and return to:
Jay S. Ruder, Esquire
Archer & Greiner, P.C.
One Liberty Place, 32nd floor
1650 Market Street
Philadelphia, PA 19103-7393

UPI # _____

COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

This Collateral Assignment of Tenant's Interest in Lease (the "Collateral Assignment") is entered into by, between and among Dataram Corporation, a New Jersey corporation, ("Dataram"), Nappen & Associates, a Pennsylvania limited partnership t/a/ 309 Developers Company ("Landlord"), and David Sheerr ("Lender") as of this 6th day of November, 2013.

BACKGROUND

On December 14, 2011, Lender made a loan to Dataram in the amount of \$2,000,000 (the "Loan") in exchange for which Dataram executed and delivered to Lender a note and security agreement. Subject to the first priority lien and security interest of Rosenthal & Rosenthal, Inc., Lender was also granted a continuing security interest in all of Dataram's physical assets, then existing or thereafter acquired, located at 130 Corporate Drive, Montgomeryville, PA 18936 (the "Premises"), including, but not limited to, all goods, inventory, equipment, furniture and fixtures. The business operated at the Premises was a division of Dataram managed by Lender which Dataram had previously purchased from Lender when it was known as Micro Memory Bank, Inc. ("MMB").

MMB had entered into a lease with Landlord for the Premises dated December 31, 2000, which lease was renewed on February 13, 2006, and then assigned by MMB to Dataram on March 31, 2009. Thereafter, Dataram entered into a Lease Renewal Agreement for the Premises with Landlord dated February 10, 2011 (the "Lease"). Lender and Dataram desire to amend and restate the Loan and have entered into an Amended and Restated Loan and Security Agreement dated as of the date hereof (the "Amended Loan"). Lender desires to be granted this Collateral Assignment and the protections contained herein upon a default by Dataram under the Lease or the Amended Loan. Dataram and Landlord wish to enter into this Collateral Assignment to perfect the promise made in the Amended Loan to assign the Premises to Lender in the event of a default under the Amended Loan.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants contained herein and in the Amended Loan, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Dataram, Landlord and Lender hereby agree as follows:

1. Collateral Assignment. Dataram hereby grants, transfers and assigns to Lender all of Dataram's right, title, and interest as the tenant or lessee in, to and under the Lease and any renewals, extensions, novations or substitutes thereof and in and to the Premises, including, but not limited to, the right of use and occupancy of the Premises under the Lease; provided, however, that so long as Dataram shall not be in default of any of its obligations to Lender under the Lease or the Amended Loan, Dataram shall continue to enjoy all the rights and privileges of lessee under the Lease. Dataram warrants and represents that a true, accurate, current and complete copy of the Lease, as renewed and amended, is attached as Exhibit A hereto.

2. Purpose of Assignment. This Collateral Assignment is given as additional collateral for the purpose of securing the performance and discharge by Dataram of each and every obligation, covenant, duty and agreement contained in the Amended Loan. Upon the repayment in full of the Amended Loan, this Collateral Assignment shall automatically terminate and be of no further force and effect.

3. Covenants of Dataram and Landlord. Dataram and Landlord covenant with Lender to observe and perform all of the obligations imposed upon them under the Lease. Dataram shall not do or permit to be done anything to impair the existence and validity of the Lease or the security of Lender hereunder. Dataram shall not execute or permit any other sublease or assignment of Dataram's interest under the Lease; and not to modify or amend the Lease in any respect without Lender's prior written consent. Dataram covenants to preserve its rights as the tenant under the Lease. Any actions taken in violation of this Paragraph 3 shall be void at Lender's option, provided that Landlord shall be entitled to assume that any amendment asserted by Dataram has been approved by Lender and shall remain in full force and effect.

4. Default. Upon or at any time after default in the performance of the Amended Loan and/or the Lease by Dataram, Lender may, at its option, without in any way waiving such default, upon five (5) days notice to Dataram and Landlord, with or without bringing any action or proceeding, or by a receiver appointed by a court, take possession of the Premises as the tenant under the Lease and, subject to the terms of the Lease (as modified pursuant to the terms of this Collateral Assignment) have, hold, use, occupy, lease, sublease, assign or operate the Premises on such terms and for such period of time as Lender may deem proper. Dataram shall indemnify and hold Lender harmless from and against, any and all claims, actions, damages and expenses (including, without limitation, reasonable attorneys' fees) arising (i) out of Dataram's failure to perform under the Lease or any breach by Dataram of the Lease or of this Collateral Assignment, and (ii) in connection with the Lease prior to Lender's taking possession of the Premises pursuant to this Paragraph 4. The exercise by Lender of the option granted it in this Paragraph 4 shall not be considered a waiver by Lender of any default by Dataram of the Amended Loan. If Lender exercises its option to take possession of the Premises as the tenant under the Lease, then Lender shall cover Dataram's monetary defaults and Dataram shall be liable to Lender for all such amounts.

5. Landlord's Agreements.

(a) Consent. Landlord executes this Collateral Assignment in order to give its consent to the assignment granted herein and to covenant that in the event of a default by Dataram under the Lease, Landlord will give Lender written notice thereof and will permit Lender to exercise, within fifteen (15) days of the expiration of all cure periods for such default under the Lease, its rights under Paragraph 4 hereof to occupy and use the Premises as the tenant under the Lease (as modified pursuant to the terms of this Collateral Assignment). Landlord agrees that Dataram, and not Lender or its sublessees, successors or assigns, shall be responsible for all obligations and liabilities of the tenant under the Lease prior to the occupation and use of the Premises by Lender. This Collateral Assignment is hereby incorporated by reference into the Lease and shall bind Landlord and any and all successors of Landlord in title to the Premises, and Landlord agrees, as a condition to the effectiveness of any transfer of any title to the Premises, to obtain a written agreement from the transferee that the transferee shall be bound hereby.

(b) Dataram Improvements. Upon the termination of the Lease for any reason, Lender shall be entitled, within thirty (30) days after any such termination, to delete or remove any signs and other improvements containing any trademarks, service marks, symbols, logos, emblems and other distinctive features, so long as Lender promptly repairs, at its sole expense, any damage caused thereby.

6. Governing Law. This Collateral Assignment is to be construed in all respects and enforced according to the laws of the Commonwealth of Pennsylvania.

7. This document may be executed in one or more counterparts, all of which, when taken together, shall constitute a single original.

[TEXT ENDS HERE. SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the undersigned parties have executed this Collateral Assignment of Tenant's Interest in Lease on the date and year first above written.

DATARAM CORPORATION

By: _____
Name: John H. Freeman
Title: President and Chief Executive Officer

LANDLORD:

NAPPEN & ASSOCIATES,
a Pennsylvania limited partnership, t/a
309 DEVELOPMENT COMPANY

By: _____
Its General Partner

By: _____
Name: _____
Title: _____

LENDER:

DAVID SHEERR

Accepted and Acknowledged:

ROSENTHAL & ROSENTHAL, INC.

By: _____
Name: _____
Title: _____

OF :
: SS
COUNTY OF :

ON THE ____ day of ____, 2013, before me, the subscriber, a _____ for the _____ of _____, personally appeared _____, who acknowledged himself to be the _____ of DATARAM CORPORATION, a _____ corporation, and that he as such _____, being authorized to do so, executed the foregoing instrument for the purposes herein contained by signing the name of the corporation by himself as its _____.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

OF :
: SS
COUNTY OF :

ON THE ____ day of ____, 2013, before me, the subscriber, a _____ for _____ of _____, personally appeared _____, who acknowledged himself to be the _____ of _____, a _____, general partner of Nappen & Associates, a Pennsylvania limited partnership, and that he as such _____, being authorized to do so, executed the foregoing instrument for the purposes herein contained by signing the name of the limited partnership by himself as the _____ of its general partner.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

OF :
: SS
COUNTY OF :

ON THE ____ day of ____, 2013, before me, the subscriber, a _____ for _____ of _____, personally appeared David Sheerr, the Lender identified in the foregoing instrument, who acknowledged that he executed the foregoing instrument for the purposes herein contained by signing this name thereto as his free act and deed..

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

EXHIBIT A

LEASE

EQUIPMENT AND FURNITURE LEASE AGREEMENT

LESSOR: David Sheerr
 130 Corporate Drive
 Montgomeryville, PA 18936

LESSEE			PAYMENT SCHEDULE		
FULL LEGAL NAME: DATARAM CORPORATION			RENTAL TERM: Initial Term: 5 years Option Term: 2 years	NUMBER OF MONTHLY RENT PAYMENTS: Initial Term: 60 Option Term: 24	MONTHLY RENTAL PAYMENT AMOUNT: Initial Term: \$7,500.00 Option Term: \$7,500.00
BILLING ADDRESS: P.O. Box 7528			PURCHASE PRICE OPTION AT END OF TERM: None.		
CITY: Princeton	STATE: New Jersey	ZIP: 08543			
CONTACT NAME: John H. Freeman President and Chief Executive Officer		PHONE: (609) 799-0071			

EQUIPMENT AND FURNITURE				
EQUIPMENT AND FURNITURE LOCATION:	ADDRESS	CITY	STATE	ZIP
	130 Corporate Drive	Montgomeryville	PA	18936



EQUIPMENT AND FURNITURE DESCRIPTION (including related items):

See attached Schedule A.

LEASE

1. LEASE. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the equipment and furniture described above on the terms and conditions hereof (the equipment and furniture with all replacements, upgrades, substitutions, accessions, additions, replacement parts and repairs is herein called the “**Equipment and Furniture**”). In the event Lessee does not unconditionally accept the Equipment and Furniture by signing Lessor's delivery and acceptance receipt (the “**Delivery and Acceptance Receipt**”) within ten (10) days of the date Lessor provides the Equipment and Furniture to Lessee, Lessor may cancel this Lease and any obligation to Lessee hereunder. Lessee authorizes Lessor to insert the serial numbers of the Equipment and Furniture and other omitted factual matters when determined by Lessor.

2. NO WARRANTIES BY LESSOR; CONSEQUENTIAL DAMAGES EXCLUDED.

2.1 Disclaimer of Warranties. Lessee acknowledges that: Lessor is not the manufacturer of the Equipment and Furniture nor the manufacturer's agent nor a dealer therein; the Equipment and Furniture is of a size, design, capacity, description and manufacture selected by the Lessee; Lessee is satisfied that the Equipment and Furniture is suitable and fit for its purposes; and **LESSOR HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EITHER EXPRESS OR IMPLIED, AS TO THE FITNESS, CONDITION, MERCHANTABILITY, DESIGN OR OPERATION OF THE EQUIPMENT AND FURNITURE, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE EQUIPMENT AND FURNITURE OR WORKMANSHIP IN THE EQUIPMENT AND FURNITURE, LESSOR'S TITLE TO THE EQUIPMENT AND FURNITURE, NOR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER** ; Lessor shall not be liable to Lessee for any loss, damage, or expense of any kind or nature caused, directly or indirectly, by the Equipment and Furniture or the use or maintenance thereof or the failure or operation thereof, or the repair, service or adjustment thereof, or by any delay or failure to provide any such maintenance, repairs, service or adjustment, or by any interruption of service or loss of use thereof or for any loss of business howsoever caused. Lessor shall not be liable for any consequential damages as that term is used in Uniform Commercial Code § 2A503(c). No defect or unfitness of the Equipment and Furniture shall relieve Lessee of the obligation to pay any installment of rent or any other obligation under this Lease. Lessor shall have no obligation under this Lease in respect of the Equipment and Furniture and shall have no obligation to ship, deliver, assemble, install, erect, test, adjust or service the Equipment and Furniture. Lessor agrees, so long as there shall not have occurred or be continuing any Event of Default as defined in Section 13, or event which with lapse of time or notice, or both, might become an Event of Default hereunder, that Lessor will permit Lessee, as Lessee's sole and exclusive remedy hereunder, to enforce in Lessee's own name and at Lessee's sole expense any manufacturer's warranty or agreement in respect of the Equipment and Furniture to the extent that such warranty or agreement is assignable.

2.2 Exclusion of Consequential Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LESSOR SHALL NOT, UNDER ANY CIRCUMSTANCES, BE LIABLE TO LESSEE OR ANY THIRD PARTY, FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED TO THE TRANSACTION CONTEMPLATED HEREUNDER, WHETHER IN ACTION BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR ANY OTHER LEGAL THEORY, INCLUDING, BUT NOT LIMITED TO, LOSS OF ANTICIPATED PROFITS, OR BENEFITS OF USE OR LOSS OF BUSINESS, EVEN IF LESSOR IS APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES, IS INTENDED BY THE PARTIES TO BE SEVERABLE FROM ANY OTHER PROVISION AND IS A SEPARABLE AND INDEPENDENT ELEMENT OF RISK ALLOCATION AND IS INTENDED TO BE ENFORCED AS SUCH.

3. NON-CANCELABLE LEASE. THIS LEASE CANNOT BE CANCELLED BY LESSEE DURING THE TERM HEREOF. Lessee's obligations under this Lease including, without limitation, the obligation to pay rent, are absolute and unconditional and shall continue without any claim, defense, set-off, counterclaim, reduction or abatement of any kind whatsoever and regardless of any disability of Lessee to use the Equipment and Furniture or any part thereof because of any reason whatsoever.

4. TERM AND RENT. The term of this Lease shall commence as of the date the Lease is accepted by Lessor and shall continue for a period of five (5) years (the “**Initial Term**”). At the end of the Initial Term, Lessee shall have the sole option to extend the Lease for an additional two (2) years (the “**Option Term**”) upon the conditions and terms stated herein by notifying Lessee of its intention to do so in writing not less than ten (10) days prior to the expiration of the Initial Term. For the avoidance of doubt, the Equipment and Furniture shall at all times remain the property of Lessor and Lessee shall have no right or property interest therein but only the right to use same under this Lease. The rent payments shall commence on the date that Lessee unconditionally accepts the Equipment and Furniture by signing the Delivery and Acceptance Receipt (the “**Rent Commencement Date**”). Advance rentals shall not be refundable if the Rent Commencement Date does not occur for any reason. Any security deposit shall secure the obligations of Lessee hereunder, and, unless earlier applied, shall be refunded to Lessee, without interest, at the satisfactory expiration of the Lease. Installments of rent shall be payable monthly in advance as stated above, the first such installment being due on the Rent Commencement Date, or such later date as Lessor designates in writing, and subsequent payments shall be due on the same day of each successive month until all rent and other obligations or expenses chargeable to Lessee hereunder shall have been paid in full. All rent shall be payable to Lessor at the address provided herein or such other address as designated by Lessor in writing.

5. ASSIGNMENT BY LESSOR; WAIVER OF DEFENSES; NO ASSIGNMENT BY LESSEE . Lessor may, without notice to or consent by Lessee, assign this Lease, any rentals, or any other sums due or to become due hereunder, or transfer or grant a security interest in any of the Equipment and Furniture, and in such event Lessor's assignee or secured party shall have all of the rights, powers, privileges and remedies of Lessor hereunder. No assignee shall be bound to perform any duty, covenant, condition or warranty of Lessor. Lessee agrees not to raise any claim or defense which Lessee may have against Lessor arising out of this Lease or otherwise as a defense, counterclaim or offset to any action by assignee or secured party hereunder. Lessee agrees that after receipt by Lessee of written notice of an assignment from Lessor or from Lessor's assignee, all rent and other amounts which are then and thereafter due under this Lease shall be paid to such assignee at the place of payment designated in such notice. Lessee shall not assign this Lease or any interest hereunder or in the Equipment and Furniture nor enter into any sublease with respect to any of the Equipment and Furniture without Lessor's prior written consent. Any purported assignment or sublease by Lessee without the prior written consent of Lessor shall be void.

6. TITLE; QUIET ENJOYMENT. Title to the Equipment and Furniture shall at all times be vested in Lessor. All documents of title and evidences of delivery shall be delivered to Lessor. Lessee authorizes Lessor, at Lessee's expense, to cause this Lease, or any statement or other instrument in respect of this Lease showing the interest of Lessor in the Equipment and Furniture, including Uniform Commercial Code financing statements, to be filed or recorded, and appoints Lessor as Lessee's attorney-in-fact with the right and power to sign Lessee's name thereto. Lessee agrees to execute or procure for Lessor such estoppel certificates, landlord's or mortgagee's waivers or other documents as Lessor may request to confirm or perfect Lessor's right in the Equipment and Furniture or to otherwise effectuate the intents of this Lease. Lessee agrees to pay or reimburse Lessor for any filing, recording or stamp fees or taxes arising from the filing or recording of any such instrument or statement. Lessee shall, at its expense, protect and defend Lessor's title against all persons claiming against or through Lessee, keep the Equipment and Furniture free from legal process or encumbrance, give Lessor immediate notice thereof and shall indemnify Lessor from any loss caused thereby. So long as Lessee is not in default hereunder, Lessee shall quietly use and enjoy the Equipment and Furniture, subject to the terms hereof. Lessee agrees to pay Lessor a fee for lease documentation and processing and for any governmental filings.

7. CARE, USE AND LOCATION . Lessee shall maintain the Equipment and Furniture in good operating condition, repair and appearance, and protect it from deterioration other than normal wear and tear; use the Equipment and Furniture in the regular course of its business, within its normal operating capacity, without abuse; comply with all laws, ordinances, regulations, requirements and rules with respect to the use, maintenance and operation of the Equipment and Furniture; use the Equipment and Furniture solely for business purposes; not make any modification, alteration or addition to the Equipment and Furniture without the written consent of Lessor, which shall not be unreasonably withheld; not affix the Equipment and Furniture (which shall remain personal property at all times regardless of how attached or installed) to realty so as to change its nature to real property or a fixture; and keep the Equipment and Furniture at the location shown herein, and not remove the Equipment and Furniture without the written consent of Lessor, which shall not be unreasonably withheld. Lessee, at its sole expense, shall enter into and maintain in force, for the term of this Lease and any schedule thereto, any maintenance contracts required by the manufacturer of the Equipment and Furniture, and shall provide to Lessor a copy of such contract and all supplements thereto. If Lessee enters into such maintenance contract with a party other than the manufacturer of the Equipment and Furniture, Lessee shall, at its sole expense, and no later than thirty (30) days prior to returning the Equipment and Furniture to Lessor, have the manufacturer recertify the Equipment and Furniture, as applicable, at the expiration of this Lease or any renewals or extensions thereof. The term of this Lease shall continue upon the same terms and conditions until such recertification has been obtained.

8. TAXES. Lessee intends the rent payments hereunder to be net to Lessor, and Lessee agrees to pay all sales, use, excise, personal property, stamp, documentary and ad valorem taxes, license and registration fees, assessments, fines, penalties, property tax processing fees, and similar charges imposed on the ownership, possession or use of the Equipment and Furniture during the term of this Lease, and all taxes imposed on Lessor or Lessee (except Lessor's federal or state net income taxes) with respect to the rent payments hereunder or the Equipment and Furniture, and shall reimburse Lessor upon demand for any such amounts paid or advanced by Lessor. Unless otherwise directed, in writing, by Lessee, Lessor shall file all personal property tax returns with respect to the Equipment and Furniture, and pay all taxes due thereon.

9. INDEMNITY. Lessee shall indemnify and hold Lessor harmless from and against all claims, losses, liabilities (including negligence, tort and strict liability), damages, judgments, suits, and all legal proceedings, and any and all costs and expenses in connection therewith (including attorneys' fees) arising out of or in any manner connected with the manufacture, purchase, financing, ownership, delivery, rejection, non-delivery, possession, use, transportation, storage, operation, maintenance, repair, return or other disposition of the Equipment and Furniture or with this Lease, including, without limitation, (a) claims for injury to or death of persons and for damage to property, (b) claims relating to patent, copyright, or trademark infringement, and (c) claims relating to latent or other defects in the Equipment and Furniture whether or not discoverable by Lessor. Lessee agrees to give Lessor prompt notice of any such claim or liability.

10. RISK OF LOSS. Lessee shall bear all risks of loss of and damage to the Equipment and Furniture from any cause. The occurrence of such loss or damage shall not relieve Lessee of any obligation hereunder. In the event of loss or damage, Lessee, at Lessor's option, shall: (a) place the damaged Equipment and Furniture in good repair, condition and working order, or (b) replace lost or damaged Equipment and Furniture with new equipment and furniture of the same type and model and deliver to Lessor documentation vesting clear title thereto in Lessor.

11. INSURANCE. Lessee shall, at Lessee's sole cost and expense, keep the Equipment and Furniture insured against all risks of loss or damage from every cause whatsoever for not less than the full replacement cost thereof. Lessee shall also obtain and maintain in effect throughout the term, public liability insurance, covering both personal injury and property damage arising out of or in connection with the use or operation of the Equipment and Furniture. All insurance shall be in such form and for such amounts, and issued by such companies, as shall be acceptable to Lessor and shall name Lessor and Lessor's assignee or secured party as loss payees with respect to the casualty coverage and as additional insured with respect to the public liability coverage and shall provide that the insurance company will give Lessor and Lessor's assignee at least thirty (30) days' prior written notice of the effective date of any alteration or cancellation of such policy. Lessee shall, upon Lessor's request, deliver to Lessor satisfactory evidence of the required insurance coverage. Insurance proceeds as a result of loss or damage to any of the Equipment and Furniture shall be applied to satisfy Lessee's obligation set forth in Section 10 hereof. Lessee irrevocably appoints Lessor as Lessee's attorney-in-fact to make a claim for, receive payment of and execute and endorse all documents, checks or drafts received in payment for loss or damage under any such insurance policy.

12. FINANCIAL STATEMENTS. If requested by Lessor, Lessee agrees to deliver to Lessor annual and interim financial statements.

13. DEFAULT. Each of the following events is an “**Event of Default**”: (a) Lessee's failure to pay, when due, any rent or any other payment hereunder; or (b) Lessee's failure to perform any of the other terms, covenants or conditions of this Lease and such failure shall continue for thirty (30) days after written notice; or (c) without Lessor's consent, Lessee attempts to remove, sell, transfer, encumber, part with possession, or sublet any item of Equipment and Furniture; or (d) any representation, whether contained herein or in any guaranty, application, financial statement or other document delivered to Lessee in connection with this Lease, shall be untrue in any material respect; or (e) Lessee becomes insolvent, makes a general assignment for the benefit of creditors or enters into a composition agreement with its creditors; or (f) a receiver, trustee, conservator or liquidator of all or a substantial part of Lessee's assets is appointed with or without the application or consent of Lessee; or (g) a petition is filed by or against Lessee under the Bankruptcy Code or under any other insolvency law or laws providing for the relief of debtors.

14. REMEDIES.

14.1 If an Event of Default occurs, Lessor may, with or without cancelling this Lease, exercise all remedies available to Lessor under applicable law and without limiting the foregoing, (a) recover from Lessee all rent and other payments which are due and unpaid; (b) at any time, declare immediately due and payable the aggregate of all rent and other payments which are payable under the Lease; and (c) require Lessee to assemble the Equipment and Furniture at the expiration of the term of this Lease; and (d) require Lessee to assemble the Equipment and Furniture and make it available to Lessor at a place to be designated by Lessor or without notice of any kind to Lessee, and to the fullest extent permitted by law, enter into the premises where the Equipment and Furniture is located and take possession of, and remove, the Equipment and Furniture, without liability to Lessee arising out of such entry, taking possession or removal. Lessor may, at its option, store, use, lease, sell or otherwise dispose of the removed Equipment and Furniture but is not required to dispose of the Equipment and Furniture.

14.2 If Lessee fails to comply with any provision of this Lease, Lessor shall have the right, but not the obligation, to effect compliance on behalf of Lessee upon thirty (30) days prior written notice to Lessee. In such event all monies expended by Lessor, and all expenses of Lessor in effecting such compliance, shall be deemed to be additional rent, and shall be paid by Lessee to Lessor at the time of the next monthly payment.

14.3 Lessee shall also be liable for and shall pay to Lessor (a) all expenses incurred by Lessor in connection with the enforcement of any Lessor's remedies, (b) Lessor's reasonable attorney's fees and expenses, and (c) interest on all sums due Lessor from the date when the sums become due until paid, at the rate of one percent (1.0%) per month but only to the extent permitted by law.

14.4 When any payment is not made by Lessee when due, Lessee agrees to pay to Lessor, not later than one month thereafter, in addition to all amounts payable by Lessee as a result of the exercise of any of the remedies herein provided, an amount calculated at the rate of five cents (\$0.05) per one dollar (\$1.00) of each such delayed payment, as an administrative fee to offset Lessor's collection costs, or the maximum rate permitted by law, whichever is less.

14.5 All remedies of Lessor are cumulative, are in addition to any other remedies provided for by law, and may, to the extent permitted by law, be exercised concurrently. The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy. No failure on the part of Lessor to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof or modify the terms of this Lease. In no event shall Lessor's recovery exceed the maximum recovery permitted by law.

14.6 If this Lease is deemed at any time to be one intended as security, Lessee hereby grants Lessor a security interest in the Equipment and Furniture and agrees that the Equipment and Furniture shall secure, in addition to the indebtedness set forth herein, indebtedness at any time owing by Lessee to Lessor.

15. FURTHER ASSURANCES. Lessee will cooperate with Lessor for the purpose of protecting the interest of Lessor in the Equipment and Furniture, this Lease and the sums due under this Lease, including, without limitation, the execution of all Uniform Commercial Code financing statements requested by Lessor. Lessee hereby appoints Lessor and/or its assignee and any officers, employees, or agents designated by Lessor or its assignee as Lessee's attorney, coupled with an interest, to sign and file, on behalf of Lessee (without the signature of Lessee), one or more Uniform Commercial Code financing statements, precautionary or otherwise, as appropriate, disclosing Lessor's or its assignee's interest in the Equipment and Furniture, this Lease and the sums due under this Lease.

16. REDELIVERY OF EQUIPMENT AND FURNITURE. Upon the expiration or earlier termination of this Lease, Lessee shall return the Equipment and Furniture, freight prepaid, to Lessor in good repair, condition and working order, in a manner and to a location designated by Lessor. If upon such expiration or termination, Lessee does not immediately return the Equipment and Furniture to Lessor, the Equipment and Furniture shall continue to be held and leased hereunder, and this Lease shall thereupon be extended from month to month at the same monthly rent, subject to the right of either Lessee or Lessor to terminate the Lease upon thirty (30) days' written notice, whereupon Lessee shall forthwith deliver the Equipment and Furniture to Lessor as provided in this paragraph. This Lease shall remain effective on a month-to-month basis on the same terms and conditions and the rent shall be due and payable until the Equipment and Furniture is returned to Lessor.

17. ENTIRE AGREEMENT; CHANGES. This Lease and any schedules contain the entire agreement between the parties and may not be altered, amended, modified, terminated or otherwise changed except in a writing signed by Lessor and Lessee.

18. NOTICE. All notices under this Lease shall be sufficient if given personally or mailed to the party intended at its respective address set forth herein, or at such other address as said party may provide in writing from time to time. Any such notice mailed to said address shall be effective when deposited in the United States mail duly addressed, postage prepaid.

19. BINDING EFFECT. This Lease shall inure to the benefit of, and be binding upon, the parties and their respective personal representatives, successors and assigns. Lessor and Lessee intend this Lease to be a valid and subsisting legal instrument, and agree that no provision of this Lease which may be deemed unenforceable shall in any way invalidate any other provision or provisions of this Lease, all of which shall remain in full force and effect.

20. GOVERNING LAW; JURISDICTION; VENUE; SERVICE OF PROCESS; WAIVER OF JURY TRIAL. THIS LEASE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW JERSEY, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. LESSEE AGREES TO SUBMIT TO THE JURISDICTION OF THE STATE AND/OR FEDERAL COURTS IN THE STATE OF NEW JERSEY WITH RESPECT TO ANY ACTION COMMENCED HEREUNDER. LESSEE AGREES THAT SERVICE OF PROCESS IN ANY ACTION SHALL BE SUFFICIENT IF MADE BY FIRST-CLASS CERTIFIED MAIL, RETURN-RECEIPT REQUESTED TO THE ADDRESS OF LESSEE SET FORTH IN THIS LEASE. LESSEE HEREBY WAIVES THE RIGHT TO TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS LEASE OR THE CONDUCT OF THE RELATIONSHIP BETWEEN LESSOR AND LESSEE.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Agreement as of the 31st day of October, 2013.

LESSOR:

DAVID SHEERR

LESSEE:

DATARAM CORPORATION

By: _____

Name: John H. Freeman

Title: President and Chief Executive Officer

[Signature page to Equipment and Furniture Lease Agreement]

ROSENTHAL & ROSENTHAL, INC.

Financing Agreement

AGREEMENT dated November 6, 2013 between Dataram Corporation (“**Borrower**”), a corporation duly organized and presently existing in good standing under the laws of the State of New Jersey whose chief executive office is at 777 Alexander Road, Suite 100, Princeton, NJ 08540, and ROSENTHAL & ROSENTHAL, INC. (“**Lender**”), a New York corporation with an address at 1370 Broadway, New York NY 10018.

Borrower desires to obtain loans and other financial accommodations from Lender on a revolving basis upon the security of the Collateral (as herein defined). Now, therefore, Borrower and Lender agree as follows.

1. DEFINITIONS

As used in this Agreement, these terms shall have the following meanings which shall be applicable to both the singular and plural forms of such terms.

1.1. “**Account Debtor**” shall mean the account debtor with respect to a Receivable and any other person who is obligated on such Receivable.

1.2. “**Affiliate**” of a party shall mean any entity controlling, controlled by, or under common control with, the party, and the term “controlling” and such variations thereof shall mean ownership of a majority of the voting power of a party.

1.3. “**Business Day**” shall mean any day other than a Saturday, Sunday or legal holiday which commercial banks in the State of New York are authorized or required to close under the laws of the State of New York.

1.4. “**Closing Date**” shall mean the date set forth in the first paragraph of this Agreement.

1.5. “**Collateral**” shall have the meaning given in Section 4.1 hereof.

1.6. “**Collateral Documents**” shall mean any and all security agreements, deposit account control agreements, mortgages and other documents executed and delivered to Lender to secure the Obligations.

1.7. “**Current Assets**” shall mean, at a particular date, cash, accounts and inventory of Borrower providing however, that such amounts shall not include any amounts for any indebtedness owing by any Affiliate to Borrower.

1.8. “**Current Liabilities**” shall mean, at a particular date, all amounts which would, in conformity with GAAP, be included under current liabilities on a balance sheet of Borrower, as at such date, but in any event including, without duplications, the amounts of (a) all indebtedness payable on demand, or at the option of the person or entity to whom such indebtedness is owed, not more than twelve (12) months after such date, (b) any payments in respect of any indebtedness (whether installment, serial maturity, sinking fund payment or otherwise) required to be made not more than twelve (12) months after such date, (c) all reserves in respect of liabilities or indebtedness payable on demand or, at the option of the person or entity to whom such indebtedness is owed, not more than twelve (12) months after such date, the validity which is not contested to such date, (d) all accruals for federal or other taxes measured by income payable within twelve (12) months of such date and (e) all outstanding indebtedness to Lender

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1.9. **“Default”** shall have the meaning provided in Section 8.1 hereof.

1.10. **“Effective Rate”** shall have the meaning provided in Section 3.1 hereof.

1.11. **“Eligible Receivables”** shall mean Receivables created by Borrower in the ordinary course of its business which have been validly assigned to Lender and in which Lender holds a perfected security interest pursuant to the terms hereof ranking prior to and free and clear of all interests, claims, and rights of others and which are and at all times shall continue to be acceptable to Lender in all other respects. Standards of eligibility may be fixed and revised from time to time solely by Lender in its exclusive judgment. In determining eligibility Lender may, but need not, rely on ageings, reports and schedules of Receivables furnished by Borrower, but reliance thereon by Lender from time to time shall not be deemed to limit Lender's right to revise standards of eligibility at any time. In general, a Receivable shall not be deemed eligible unless the Receivable complies with the Minimum Receivable Eligibility Requirements and the Account Debtor on such Receivable is and at all times continues to be acceptable to Lender and unless each Receivable complies in all respects with the representations, covenants and warranties hereinafter set forth and in the event such Receivable arises from the sale of goods meet all standards imposed by any governmental agency or authority.

1.12. **“Equipment”** shall mean equipment as defined in Article 9 of the UCC.

1.13. **“ERISA”** shall mean the Employee Retirement Income Security Act.

1.14. **“GAAP”** shall mean generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the elements and pronouncements of the Financial Accounting Standards Board which are applicable to the circumstances as of the date of determination consistently applied.

1.15. **“Inventory”** shall mean inventory as defined in Article 9 of the UCC.

1.16. **“Lease”** and **“Leased Premises”** shall have the meanings given in Section 8.1 hereof.

1.17. **“Loan Account”** shall mean the Loan Account as described in Section 2.2 hereof.

1.18. **“Loan Documents”** shall mean, collectively, this Agreement, the Collateral Documents, and each validity guaranty, or other guaranty, if any, certificate, agreement, or document executed by Borrower and delivered to Lender in connection with the foregoing.

1.19. **“Margin”** shall mean three and one quarter percent (3.25%) per annum.

1.20. **“Maximum Credit Facility”** shall mean \$3,500,000.

1.21. **“Maximum Rate”** shall have the meaning provided in Section 9.2 hereof.

1.22. **“Minimum Receivable Eligibility Requirements”** shall have the meaning given in Section 2.3 hereof.

1.23. **“Net Amount of Eligible Receivables”** shall mean the gross amount of Eligible Receivables less sales, excise or similar taxes, returns, discounts, claims, credits and allowances of any nature at any time issued, owing, granted, outstanding or claimed, and less (without duplication) all amounts payable by any Account Debtor on Eligible Receivables if any Eligible Receivable of such Account Debtor is unpaid more than ninety (90) days following its invoice date.

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1.24. **“Obligations”** shall mean all obligations, liabilities and indebtedness of Borrower to Lender or an Affiliate of Lender, however evidenced, arising under this Agreement, any other Loan Document (whether by reason of extension of credit, guaranty, indemnity or otherwise), or under any other or supplemental financing provided to Borrower by Lender or an Affiliate of Lender, or independent hereof or thereof, whether now existing or incurred from time to time hereafter and whether before or after termination hereof, absolute or contingent, joint or several, matured or unmatured, direct or indirect, primary or secondary, liquidated or unliquidated, and whether arising directly or acquired from others (whether acquired outright, by assignment unconditionally or as collateral security from another and including participations or interest of Lender in obligations of Borrower to others), and including (without limitation) all of Lender's charges, commissions, fees, interest, expenses, costs and attorneys' fees chargeable to Borrower in connection therewith.

1.25. **“Over-advance”** shall mean any portion of all loans and advances which on any day exceeds the Receivable Availability.

1.26. **“Permitted Liens”** means the liens of Lender granted under the Loan Documents and any other liens, if any, described on the attached Exhibit A.

1.27. **“Person”** shall mean any person, firm, corporation, partnership, limited liability company, association, company, trust, estate, custodian, nominee or other individual or entity.

1.28. **“Prime Rate”** shall mean the prime rate from time to time publicly announced in New York City by JPMorgan Chase Bank.

1.29. **“Receivables”** shall mean all obligations to Borrower for the payment of money arising out of the sale of goods by Borrower, now existing or hereafter arising, however evidenced, including all accounts, contract rights, general intangibles, documents, chattel paper and instruments (as each of such terms is defined in the UCC).

1.30. **“Receivable Availability”** shall have the meaning specified in Section 2.1 hereof.

1.31. **“Tangible Net Worth”** shall mean, at a particular date (a) the aggregate amount of all assets of Borrower as may be properly classified as such in accordance with GAAP consistently applied excluding such other assets as are properly classified as intangible assets under GAAP, less (b) the aggregate amount of all liabilities of Borrower (excluding subordinated liabilities to Lender) determined in accordance with GAAP.

1.32. **“Working Capital”** shall mean the excess, if any, of Current Assets less Current Liabilities.

1.33. **“UCC”** shall mean the Uniform Commercial Code as in effect from time to time in the State of New York, provided, however, that in the event by reason of mandatory provisions of law, any of the attachment, perfection, or priority of Lender's security interest in any of the Collateral is governed by the Uniform Commercial Code as in effect in any jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

2. LOANS; Eligibility of Receivables

Lender shall, in its discretion, make loans to Borrower from time to time, at Borrower's request, which loans in the aggregate shall not exceed the lesser of (A) the Maximum Credit Facility; or (B) the Receivable Availability, equal to (x) up to ninety percent (90%) of the Net Amount of Eligible Receivables arising out of sales made to customers located in the United States of America and Canada; and (y) up to the lesser of (i) fifty percent (50%) of the Net Amount of Eligible Receivables arising out of sales to customers located outside the United States of America and Canada which are subject to a credit insurance policy assigned and satisfactory to us, issued by an insurer satisfactory to us; or (ii) \$500,000, minus such reserves as Lender may deem, in its sole discretion, to be necessary from time to time.

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2.1. The making of any loan in excess of the percentages set forth above shall not be deemed to modify such percentages or create any obligation to make any further such loan. All loans (and all other amounts chargeable to Borrower under this Agreement or any supplement hereto) shall be charged to a Loan Account in Borrower's name on Lender's books. Lender shall render to Borrower each month a statement of the Loan Account (and all credits and charges thereto) which shall be considered correct and accepted by Borrower and conclusively binding upon Borrower as an account stated except to the extent that Lender receives a written notice by registered mail of Borrower's exceptions within thirty (30) days after such statement has been rendered to Borrower.

2.2. A Receivable meets the Minimum Receivable Eligibility Requirements if NumberDefault \1 1 \s 11) the Receivable arose from bona fide completed transactions and has not remained unpaid for more than the number of days after the invoice date set forth in Section 1.23, the amount of the Receivable reported to Lender is absolutely owing to Borrower and payment is not conditional or contingent, (such as consignments, guaranteed sales or right of return or other similar terms NumberDefault2) the Receivable did not arise from progress billings, retainages or bill and hold sales; NumberDefault3) there are no contra relationships, setoffs, counterclaims or disputes existing with respect thereto and there are no other facts existing or threatened which would impair or delay the collectibility of all or any portion thereof; NumberDefault4) the goods giving rise thereto were not at the time of the sale subject to any liens except those permitted in this Agreement; NumberDefault5) the Account Debtor is not an Affiliate of Borrower; NumberDefault6) there has been compliance with the Assignment of Claims Act or similar State or local law, if applicable, if the Account Debtor is the United States or any domestic governmental unit; NumberDefault7) Borrower has delivered to Lender such documents as Lender may have requested pursuant to Section 4.2 hereof in connection with such Receivable and Lender shall have received verifications of such Receivable, satisfactory to it, if sent to the Account Debtor or any other obligors or any bailees; NumberDefault8) there are no facts existing or threatened which might result in any adverse change in the Account Debtor's financial condition; NumberDefault9) not more than 50% of the Receivables of the Account Debtor or its Affiliates owed to Borrower are more than 90 days past their invoice date; NumberDefault10) the total indebtedness to Borrower of the Account Debtor does not exceed the amount of any customer credit limits as established from time to time on notice to Borrower; NumberDefault11) the Account Debtor is deemed creditworthy at all times by Lender; and NumberDefault12) all representations and warranties in this Agreement or any other Loan Document with respect to such Receivable are true and correct.

3. LENDER'S CHARGES

3.1. Borrower agrees to pay to Lender each month interest (computed on the basis of the actual number of days elapsed over a year of 360 days) (a) on that portion of the average daily balances in the Loan Account during the preceding month that does not exceed the sum of the Receivable Availability, at a rate per annum equal to the Prime Rate plus the Margin (the "Effective Rate"); and (b) on the amount of Over-advances, if any, at a rate of 3% per annum in excess of the Effective Rate. Any change in the effective interest rates due to a change in the Prime Rate shall take effect on the date of such change in the Prime Rate provided, that, with respect to Lender's charges, no decrease in the Prime Rate below 4% per annum shall be given any effect.

3.2. Borrower shall pay to Lender a facility fee payable on the Closing Date in the amount of 1.25% of the Maximum Credit Facility and on the anniversary of such date in each succeeding year, in the amount of 1% of the Maximum Credit Facility.

3.3. Borrower shall pay to Lender monthly an administration fee of \$1,000 payable in arrears on the first day of each month with respect to the prior month for the stated term of this Agreement.

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3.4. A statement of all of Lender's charges shall accompany each monthly statement of the Loan Account and such charges shall be payable by Borrower within five (5) business days after receipt of such statement. In lieu of the separate payment of charges, Lender at its option, shall have the right to debit the amount of such charges to Borrower's Loan Account, which charges shall be deemed to be first paid by amounts subsequently credited to the Loan Account. Borrower agrees that the minimum charges payable by Borrower to Lender each month under Section 3.1 hereof shall be \$5,000. As more fully provided in Section 9.2 hereof, in no event shall the interest charges hereunder exceed the Maximum Rate.

4. SECURITY INTEREST IN COLLATERAL

4.1. As security for the prompt performance, observance and payment in full of all of the Obligations, Borrower grants to Lender a security interest in, a continuing lien upon and a right of setoff against, and Borrower hereby assigns, transfers, pledges and sets over to Lender (collectively, including any other assets of Borrower in which Lender may be granted a security interest under any Loan Document, the "**Collateral**"): (i) all Receivables (whether or not Eligible Receivables and whether or not specifically listed on any schedules, assignments or reports furnished to Lender) (ii) all of Borrower's property, and the proceeds thereof, now or hereafter held or received by or in transit to Lender or held by others for Lender's account, including any and all deposits, balances, sums and credits of Borrower with, and any and all claims of Borrower against, Lender, at any time existing, (iii) all credit insurance policies, and all other insurance and all guarantees relating to the Receivables or other Collateral, (iv) all books, records and other general intangibles evidencing or relating to Receivables or other Collateral and the computer hardware and software and media containing such books and records; all deposits, or other security for the obligation of any person under or relating to Receivables, all of the Borrower's rights and remedies of whatever kind or nature it may hold or acquire for the purpose of securing or enforcing Receivables; all right, title and interest of the Borrower in and to all goods relating to, or which by sale have resulted in, Receivables, including goods returned by or reclaimed or repossessed from Account Debtors and all goods described in copies of invoices delivered by Borrower to Lender; all rights of stoppage in transit, replevin, repossession and reclamation and all other rights and remedies of an unpaid vendor or lienor, and all proceeds of any Letter of Credit naming Borrower as beneficiary and which provides for, guarantees or assures the payment of any Receivable; (v) all accounts, instruments, chattel paper, documents, general intangibles, deposit accounts, investment property and letter of credit rights, whether or not arising out of the sale of goods or rendition of services, and including choses in action, causes of action, tax refunds (and claims), and reversions from terminated pension plans; (vi) all of Borrower's Inventory and Equipment; and (vii) all proceeds of such Collateral, in any form, including cash, non-cash items, checks, notes, drafts and other instruments for the payment of money. Such security interest in favor of Lender shall continue during the term of this Agreement and until indefeasible payment in full of all Obligations, whether or not this Agreement shall have sooner terminated.

4.2. At Lender's request, Borrower will provide Lender with confirmatory assignment schedules in form satisfactory to Lender, copies of customers' invoices, evidence of shipment or delivery, and such further information as Lender may require. Borrower will take any and all steps and observe such formalities as Lender may request from time to time to create and maintain in Lender's favor a valid and first lien upon, security interest in and pledge of all of Borrower's Receivables and all other Collateral, including executing all documents that may be requested by Lender to maintain such security interest in and pledge of the Collateral. Borrower hereby authorizes Lender to file any Financing Statements under the UCC, and renewals and amendments thereof, naming Borrower as debtor, that are necessary to perfect and maintain the perfection of Lender's security interest in the Collateral. Borrower agrees to take all steps necessary to allow Lender to comply with any Federal or state statute, which, in Lender's judgment, if not complied with, might afford to any Person an interest in the Collateral that would be superior to Lender's security interest in the Collateral.

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5. CUSTODY AND INSPECTION OF COLLATERAL AND RECORDS; COLLECTION AND HANDLING OF COLLATERAL

5.1. Borrower shall instruct all customers to remit payments on Receivables to a lockbox controlled by Lender and maintained at Borrower's expense. Borrower will, at its own expense and on Lender's behalf, collect as Lender's property and in trust for Lender all payments and prepayments on Receivables which for any reason are not remitted by customers to the lockbox, and shall not commingle such collections with Borrower's own funds. As to all moneys so collected, including all prepayments by customers, Borrower shall on the day received remit all such collections to Lender in the form received by depositing such collections into an account of Lender specified by Lender and maintained at Borrower's expense. All amounts collected on Receivables when received by Lender shall be credited to Borrower's Loan Account, adding one (1) Business Day for collection and clearance of remittances sent by wire transfer and three (3) Business Days for collection and clearance of all other remittances. Such credits shall be conditional upon final payment to Lender. Nothing contained in this Section 5.1, or otherwise in this Agreement, shall be deemed to limit Lender's rights and powers pursuant to Section 7 of this Agreement.

5.2. All records, ledger sheets, correspondence, contracts, documentation and computer hardware and software and media relating to or evidencing Receivables or containing information relating to the Receivables shall, until delivered to Lender or removed by Lender from Borrower's premises, be kept on Borrower's premises, without cost to Lender, in appropriate containers in safe places. Lender shall at all reasonable times have full access to and the right to examine and make copies of Borrower's books and records, and shall have full access to Borrower's computer information systems, to confirm and verify all Receivables assigned to Lender and to do whatever else Lender deems necessary to protect its interest. Lender may at any time remove from Borrower's premises, or require Borrower to deliver any contracts, documentation, files and records relating to Receivables, and any computer hardware, software and media containing information relating to the Receivables or Lender may, without cost or expense to Lender, use such of Borrower's personnel, supplies, computer information systems and space at Borrower's places of business as may be reasonably necessary for collection of Receivables.

5.3. Borrower will immediately upon obtaining knowledge thereof report to Lender all reclaimed, repossessed or returned merchandise, Account Debtor claims and any other matter affecting the value, enforceability or collectibility of Receivables. Any merchandise reclaimed or repossessed by or returned to Borrower will, at the cost and expense of Borrower, be set aside marked with the name of the Lender and will be held by Borrower for the account of Lender and subject to Lender's security interest. All claims and disputes relating to Receivables are to be promptly adjusted by Borrower with the prior approval of Lender and within a reasonable time, at its own cost and expense. Lender may, at its option, settle, adjust or compromise claims and disputes relating to Receivables which are not adjusted by Borrower within a reasonable time. Following the occurrence of a Default, Lender may, at its option, revoke Borrower's authority to settle or adjust disputes or to further communicate with Account Debtors.

5.4. Borrower shall reimburse Lender on demand for all costs of collection incurred by Lender in efforts to enforce payment of Receivables, recovery of or realization upon any other Collateral, including attorneys' fees and the fees and commissions of collection agencies. All and any fees, costs and expenses, of whatever kind and nature, including taxes of any kind, which Lender may incur in filing public notices, obtaining appraisals of the Collateral, and the reasonable charges of any attorney whom Lender may engage in preparing and filing documents, making title or lien examinations and rendering opinion letters, as well as all fees, costs and expenses incurred by Lender (including all reasonable attorneys' fees and including Lender's out of pocket expenses

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in conducting periodic field examinations of Borrower and the Collateral plus Lender's prevailing per diem charge for each of its examiners in the field and office, now \$850 per person per day), in administering this Agreement, protecting, preserving, enforcing or foreclosing any security interests or rights granted to Lender hereunder, whether through judicial proceedings or otherwise (including advertising costs), enforcing or collecting the Receivables, recovery of or realization upon any other Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to its transactions with Borrower, including actions or proceedings that may involve any person asserting a priority or claim with respect to the Collateral, shall be borne and paid for by Borrower on demand, shall constitute part of the Obligations and may at Lender's option be charged to Borrower's Loan Account. Borrower's obligations under this section shall survive termination of this Agreement for any reason.

6. REPRESENTATIONS, COVENANTS AND WARRANTIES

As an inducement to Lender to enter into this Agreement, Borrower represents, covenants and warrants (which shall survive the execution and delivery of this Agreement) that:

6.1. Borrower is and at all times during the term of this Agreement shall be a corporation duly organized and presently existing in good standing under the laws of the State of New Jersey and is and at all times during the term of this Agreement shall be duly qualified and existing in good standing in every other state in which the nature of Borrower's business requires it to be qualified. Borrower is not aware, and will upon becoming aware promptly notify Lender, of any person organizing under its name in another state.

6.2. The execution, delivery and performance of this Agreement are within the corporate powers of Borrower, have been duly authorized by appropriate corporate action and are not in contravention of the terms of Borrower's charter or by-laws or of any indenture, agreement or undertaking to which Borrower is a party or by which it may be bound. Borrower is not now the subject of any pending governmental investigation or proceeding or of any insolvency proceeding. No receiver or custodian has been appointed for any of the property of Borrower. No consent, approval or authorization of any person, including stockholders of Borrower or any governmental or regulatory authority, that has not been obtained, is required in connection with the execution, delivery and performance by Borrower of this Agreement. Borrower warrants that all financial statements and other reports provided to Lender prior to the Closing Date are true and correct in all material respects.

6.3. Except as set forth on Schedule 6.3, there are no pending suits, Federal or state tax liens, or judgment liens against Borrower or affecting its assets, except for Permitted Liens. No assets of Borrower are subject to any liens or encumbrances except for Permitted Liens. Borrower has no employee benefit plans subject to ERISA that have accumulated funding deficiencies or liquidity shortfalls as defined and calculated under ERISA or with respect to which Borrower presently has withdrawal liability.

6.4. Borrower is and shall be, with respect to all Inventory, Equipment, intellectual property collateral, cash collateral and other Collateral, the owner thereof free from any lien, security interest or encumbrance of any kind, except for Permitted Liens. No Receivable or any other Collateral has been or shall hereafter be assigned, pledged or transferred to any person other than the Lender or in any way encumbered or subject to a security interest except to Lender, and except for Permitted Liens, and Borrower shall defend the same against the claims of all persons.

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6.5. Borrower's books and records relating to the Receivables are maintained at the office referred to below. Except as otherwise stated below, the principal executive office of Borrower is located at such address and has been so located on a continuous basis for not less than six months. Borrower shall not change such location without Lender's prior written consent, and, upon making any such change, Lender shall be authorized to file any additional financing statements or other documents or notices which may be necessary under the UCC or other applicable law and Borrower shall execute and deliver to Lender any such documents requiring Borrower's signature, failing which Lender shall be authorized to sign such documents on behalf of Borrower as Borrower's attorney-in-fact. The listing of offices on Schedule 6.5 hereto represents all of Borrower's places of business. Borrower shall notify Lender of the existence of any additional places of business within five (5) Business Days after any such place of business is established.

6.6. All loans and advances requested by Borrower under this Agreement shall be used for the general corporate and business purposes of Borrower and in no event shall Borrower request Lender to remit a loan or advance to an account of Borrower that is used for the specific purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Federal Reserve Board) or to extend credit to others for the purpose of purchasing or carrying any such margin stock in contravention of Regulation T, U or X of the Federal Reserve Board; or to the extent that any loans and advances requested by Borrower under this Agreement shall be used for paying wages of the employees of Borrower, Borrower hereby represents and warrants that it shall withhold and pay over to the applicable tax authorities any amount thereof as it shall be so required by applicable law.

6.7. Borrower shall maintain its shipping forms, invoices and other related documents in a form satisfactory to Lender and shall maintain its books, records and accounts in accordance with sound accounting practice. Borrower shall furnish to Lender accounts receivable agings, accounts receivable roll forward reports (in the form attached hereto as Exhibit B) and reconciliations of accounts receivable collateral and the loan balance on the monthly statements provided by Lender to Borrower's records and inventory designations, monthly, not later than the 10th of each month, covering the previous month. Borrower shall furnish to Lender such other information regarding the business affairs and financial condition of Borrower as Lender may, from time to time, reasonably request, including (a) audited financial statements as at the end of and for each fiscal year of Borrower, as soon as practical and in any event within ninety (90) days after the end of each such fiscal year, in such detail and scope as Lender may require including a balance sheet, a statement of income, a statement of cash flows and notes, prepared by independent Certified Public Accountants acceptable to Lender; and concurrently with such financial statements, a written statement signed by such independent public accountants to the effect that, (i) in making the examination necessary for their opinion of such financial statements, they have not obtained any knowledge of the existence of any Default, or (ii) if such independent public accountants shall have obtained from such examination any such knowledge, they shall disclose in such written statement the Default and the nature thereof, (b) financial statements prepared internally as at the end of and for each fiscal quarterly period of Borrower, as soon as practical and in any event within forty-five (45) days after the end of each such fiscal quarter of Borrower, in such detail and scope as Lender may require including without limitation, a balance sheet, a statement of income, a statement of cash flows and notes, certified by the Chief Financial Officer of Borrower ("CFO"); and concurrently with such financial statements, a written statement signed by the CFO to the effect that, (i) CFO has not obtained any knowledge of the existence of any Default, or (ii) if such CFO has obtained from such examination any such knowledge, such CFO shall disclose in such written statement the Default and the nature thereof. All such statements and information shall fairly present the financial condition of Borrower, and the results of its operations as of the dates and for the periods, for which the same are furnished.

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6.8. Borrower shall duly pay and discharge all taxes, assessments, contributions and governmental charges upon or against it or its properties or assets prior to the date on which penalties attach thereto. Borrower shall be liable for any tax (excluding a tax imposed on the overall net income of Lender) imposed upon any transaction under this Agreement or giving rise to the Receivables or which Lender may be required to withhold or pay for any reason and Borrower agrees to indemnify and hold Lender harmless with respect thereto, and to repay Lender on demand the amount thereof. Until paid by Borrower, Borrower's liability under this paragraph shall be added to the Obligations secured hereunder, and may at Lender's option be charged to Borrower's Loan Account but shall nonetheless be independent hereof and continue notwithstanding any termination hereof.

6.9. With respect to each Receivable, Borrower hereby represents and warrants that: each Receivable represents a valid and legally enforceable indebtedness based upon an actual and bona fide sale and delivery of property in the ordinary course of Borrower's business which has been completed and finally accepted by the Account Debtor and for which the Account Debtor is unconditionally liable to make payment of the amount stated in each invoice, document or instrument evidencing the Receivable in accordance with the terms thereof, without offset, defense or counterclaim; each Receivable will be paid in full at maturity; no Receivables have arisen from sales on bill and hold terms; all statements made and all unpaid balances appearing in any invoices, documents, instruments and statements of account describing or evidencing the Receivables are true and correct and are in all respects what they purport to be and all signatures and endorsements that appear thereon are genuine and all signatories and endorsers have full capacity to contract; the Account Debtor owing the Receivable and each guarantor, endorser or surety of such Receivable is solvent and financially able to pay in full the Receivable when it matures; and all recording, filing and other requirements of giving public notice under any applicable law have been duly complied with.

6.10. Borrower shall until payment in full of all Obligations to Lender and termination of this Agreement cause to be maintained at the end of each of its fiscal quarters, Tangible Net Worth in an amount not less than \$0 and Working Capital of not less than \$0.

6.11. Prior to the making of any loans hereunder: NumberDefault \1 1 \s 11) Lender shall have received an opinion of Borrower's counsel in the form, and as to the matters, required by Lender; NumberDefault2) Lender shall have received Goodstanding Certificates and other certifications with respect to Borrower and any other Person liable on the Obligations from such governmental authorities as Lender shall require; NumberDefault3) Lender or its agents shall have completed such examinations and appraisals of the Collateral and such searches with regard to Borrower and its assets, as Lender shall require, all at Borrower's expense; NumberDefault4) Lender shall have received a payoff letter duly executed and delivered by Crestmark Bank and Borrower or other evidence of such termination in form and substance satisfactory to Lender, and any other evidence Lender may require that on the Closing Date there shall be no Liens on the Collateral other than Permitted Liens; NumberDefault5) a lockbox or deposit account complying with Section 5.1 shall have been established which is satisfactory to Lender; NumberDefault6) Lender shall have received evidence, in form satisfactory to Lender, that Borrower has obtained such insurance policies, in such form, with such issuers and covering such risks, as Lender shall require, with endorsements, naming Lender as loss payee, that are acceptable to Lender; and NumberDefault7) the Receivable Availability shall be in an amount equal to or greater than \$200,000 plus the sum of all amounts required to be disbursed at closing for the purpose of paying Lender's expenses chargeable to Borrower hereunder and all amounts required to be paid to creditors to induce them to release any liens in the Collateral that are not Permitted Liens.

6.12. During the term of this Agreement, Borrower shall not make any sales to customers by accepting a credit card issued to such customers unless Borrower has prior thereto entered into a merchant agreement with a processor, relating to sales made using such credit card, on terms that are acceptable to Lender, and such processor has agreed to remit the proceeds of such sales to an account of Borrower with respect to which Lender has control in accordance with Section 9-104 of the UCC.

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6.13. Attached as Exhibit C is a listing of all of Borrower's patents, trademarks and copyrights. So long as any Obligations remain outstanding, Lender is hereby irrevocably authorized to use any of Borrower's patents, trademarks and copyrights for the purpose of enforcing Lender's security interest in the Collateral and disposing of any of the Collateral.

6.14. So long as any Obligations remain outstanding, Borrower shall (i) advise Lender of the existence of any commercial tort claims in favor of Borrower, which advice shall be given to Lender in writing no later than ten (10) Business Days after Borrower becomes aware of existence of such a claim in its favor; (ii) within five (5) Business Days after Lender's request therefor, provide Lender with a listing of all deposit accounts and securities accounts maintained by Borrower and a listing of all letters of credit issued and outstanding in favor of Borrower as beneficiary and, if requested by Lender, arrange for the execution by each depository bank and financial intermediary of a control agreement in Lender's favor with respect to such accounts, and by each letter of credit issuer of a consent to an assignment of the proceeds of such letter of credit to Lender, in each case in form and content satisfactory to Lender; (iii) maintain in effect in favor of Lender, agreements (in form satisfactory to Lender) executed by the landlords of Borrower's places of business and the bailees of its property, pursuant to which Lender is granted access to such places of business and such bailees are directed to honor Lender's instructions with respect to the disposition of such property.

6.15. Until indefeasible payment in full of the Obligations, Borrower shall not (i) make any loans to officers, directors, shareholders or Affiliates; (ii) engage in any other transactions with Affiliates except on terms similar to those that would be in effect in transactions between unrelated parties (iii) incur or repay indebtedness for borrowed money or guaranty the obligations of Affiliates or other Persons; (iv) sell, transfer or otherwise dispose of any assets except for sales of Inventory in the normal course; (v) declare any dividends, redeem or repurchase any stock, or make any other distributions in respect of its stock; or (vi) enter into any agreements to buy or sell goods on consignment terms; or (vi) merge with or into any entity or undergo any other restructuring or reorganization including reorganizations that would result in Borrower being organized under the laws of a state other than New Jersey.

6.16. Borrower shall not (i) conduct any business or engage in any transaction or dealing with any Blocked Person (as hereafter defined), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person; (ii) deal in, or otherwise engage in any transaction relating to any property or interests in property blocked pursuant to Executive Order No. 13224; or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224, the USA Patriot Act or any other Anti-Terrorism Law. Borrower shall deliver to Lender any certification or other evidence requested from time to time by Lender in its sole discretion, confirming Borrower's compliance with this Section. Borrower is not in violation of any Anti-Terrorism Law and Borrower is not a Person (a "**Blocked Person**") that (a) is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (b) is owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (c) any financial institution is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (d) commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224; (e) is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list, or is affiliated or associated with a person or entity listed above; (f) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224.

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For purposes of this Section 6.16, (i) "Anti-Terrorism Laws" shall mean any laws, regulations, rules, orders and directives relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the Laws comprising or implementing the Bank Secrecy Act, and the Law administered by the United States Treasury Department's Office of Foreign Asset Control (as any of the foregoing laws, regulations, rules, orders and directives may from time to time be amended, renewed, extended, or replaced); (ii) "**Executive Order No. 13224**" shall mean Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced; and (iii) "**USA Patriot Act**" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

6.18 Borrower shall deliver to Lender within five (5) Business Days of any of Borrower's senior officers obtaining knowledge of any condition or event which constitutes, or might reasonably be expected to constitute, a Default or that any Person has given notice to Borrower or any Affiliates of Borrower or taken any other action with respect to a claimed Default, Borrower shall deliver to Lender an officer's certificate describing the same and the period of existence thereof and specifying what action Borrower has taken, are taking and propose to take with respect thereto

7. SPECIFIC POWERS OF LENDER

7.1. Borrower hereby constitutes Lender or its agent, or any other person whom Lender may designate, as Borrower's attorney, at Borrower's own cost and expense to exercise at any time all or any of the following powers which, being coupled with an interest, shall be irrevocable until all Obligations have been paid in full: (a) to receive, take, endorse, assign, deliver, accept and deposit, in Lender's or Borrower's name, any and all checks, notes, drafts, remittances and other instruments and documents relating to Receivables and proceeds thereof; (b) to receive, open and dispose of all mail addressed to Borrower and to notify postal authorities to change the address for delivery thereof to such address as Lender may designate; (c) to transmit to Account Debtors indebted on Receivables notice of Lender's interest therein and to request from such Account Debtors at any time, in Borrower's name or in Lender's or that of Lender's designee, information concerning the Receivables and the amounts owing thereon; (d) to notify Account Debtors to make payment directly to Lender; and (e) to take or bring, in Borrower's name or Lender's, all steps, actions, suits or proceedings deemed by Lender necessary or desirable to effect collection of the Receivables. In addition, to the extent permitted by law, Lender may file one or more financing statements, naming Borrower as debtor and Lender as secured party and indicating therein the types or describing the items of Collateral. Without limitation of any of the powers enumerated above, Lender is hereby authorized to accept and to deposit all collections in any form, relating to Receivables, received from or for the account of Account Debtors (whether such collections are remitted directly to Lender by Account Debtors or are forwarded to Lender by Borrower), including remittances which may reflect deductions taken by Account Debtors, regardless of amount, the Loan Account of Borrower to be credited only with amounts actually collected on Receivables in accordance with Section 5.1. Borrower hereby releases (i) any bank, trust company or other firm receiving or accepting such collections in any form, and (ii) Lender and its officers, employees and designees, from any liability arising from any act or acts hereunder or in furtherance hereof, whether of omission or commission, and whether based upon any error of judgment or mistake of law or fact.

8. LENDER'S REMEDIES

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8.1. Borrower agrees that all of the loans and advances made by Lender under the terms of this Agreement, together with all Obligations of Borrower as defined herein (unless otherwise provided in any instrument evidencing the same or agreement relating thereto), shall be payable by Borrower at Lender's demand at the office of Lender in New York, New York. In addition, all Obligations shall be, at Lender's option, due and payable without notice or demand upon termination of this Agreement or upon the occurrence of any one or more of the following events of default (“**Default**”): (NumberDefault \s 11) if Borrower shall fail to pay to Lender when due any amounts owing to Lender under any Obligation, or if there shall occur a breach by Borrower or any Affiliate of Borrower of any of the terms, covenants, conditions or provisions of this Agreement or any other agreement between Borrower or any of its Affiliates and Lender or any of its Affiliates or if Borrower shall fail to pay when due any indebtedness for borrowed money; (NumberDefault \l 12) if any validity guarantor or any other guarantor, if any, endorser or other person liable on the Obligations or who has pledged or granted collateral security for the Obligations, shall die, terminate or attempt to terminate its guaranty or pledge agreement, and a replacement satisfactory to leader is not provided within sixty (60) days, or shall breach any of the terms, covenants, conditions or provisions of any guarantee, endorsement or other agreement of such person with, or in favor of, Lender or if a material portion of any tangible Collateral for the Obligations is destroyed or lost or rendered valueless; (NumberDefault \l 13) if any representation, warranty, or statement of fact made to Lender or an Affiliate of Lender at any time by or on behalf of Borrower or an Affiliate of Borrower is or becomes false or misleading in any material respect; (NumberDefault \l 14) if Borrower shall become insolvent, is generally unable to pay its debts as they mature, files or has filed against it a petition in bankruptcy, liquidation or reorganization, or if a judgment against Borrower remains unpaid, unstayed or undismissed for a period of more than five (5) days, or if Borrower discontinues doing business for any reason, or if a custodian, receiver or trustee of any kind is appointed for it or any of its property; (NumberDefault \l 15) if at any time. Lender shall, in its sole discretion, reasonably exercised, consider the Obligations insecure or any part of the Receivables unsafe, insecure or insufficient and Borrower shall not on demand furnish other collateral or make payment on account, satisfactory to Lender; (NumberDefault \l 16) if (x) Borrower shall default under or breach the terms of any present or future lease (each a “**Lease**”) of any premises now or hereafter leased by Borrower (“**Leased Premises**”) or (y) Lender shall receive notice from any lessor of any Leased Premises that a default has occurred under any Lease which shall continue unremedied for a period of ten (10) days, or that any Lease has been terminated; (NumberDefault \l 17) any employee benefit plan of Borrower subject to ERISA is completely or partially terminated or the Pension Benefit Guaranty Corporation commences proceedings for the purpose of effecting any such termination or an event or circumstance occurs which could result in any such termination; or (NumberDefault \l 18) if a claim is made or threatened, or a proceeding is commenced, by any governmental agency or authority against Borrower or any Affiliate of Borrower under any environmental protection laws. Upon the occurrence of any Default, (i) Borrower shall pay to Lender, as liquidated damages and as part of the Obligations, in addition to amounts payable under Section 9.1 hereof, a charge at the rate of two percent per month upon the outstanding balance of the Obligations from the date of Default until the date of full payment of the Obligations, which charge shall be in lieu of compensation payable under Section 3.1 from such date; provided, that in no event shall such rate exceed the Maximum Rate and (ii) In the event of a Default, Lender shall have the right (in addition to any other rights Lender may have under this Agreement or otherwise) without further notice to Borrower, to enforce payment of any Receivables, to settle, compromise, or release in whole or in part, any amounts owing on Receivables, to prosecute any action, suit or proceeding with respect to Receivables, to extend the time of payment of any and all Receivables, to make allowances and adjustments with respect thereto, to issue credits in Lender's name or Borrower's, to sell, assign and deliver the Receivables (or any part thereof) and any returned, reclaimed or repossessed merchandise or other property held by Lender or by Borrower for Lender's account, at public or private sale, at broker's board, for cash, upon credit or otherwise, at Lender's sole option and discretion, and Lender may bid or become purchaser at any such sale if public, free from any right of redemption which is hereby expressly waived. Borrower agrees that the giving of ten (10) days' notice by Lender, sent by ordinary mail, postage prepaid, to the mailing

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address of Borrower set forth in this Agreement, designating the place and time of any public sale or the time after which any private sale or other intended disposition of the Receivables or any other security held by Lender is to be made, shall be deemed to be reasonable notice thereof and Borrower waives any other notice with respect thereto. The net cash proceeds resulting from the exercise of any of the foregoing rights or remedies shall be applied by Lender to the payment of the Obligations in such order as Lender may elect, and Borrower shall remain liable to Lender for any deficiency. Notwithstanding anything to the contrary contained in this section, (i) to the extent that an event or occurrence described in this section consists of Borrower's failure to take, do or perform an act or action, then such failure shall not constitute a Default if no other Default has occurred and if such act or action is taken, done or performed by Borrower within five (5) Business Days after Borrower's receipt of written notice from Lender that the act or action is required to be taken, done or performed by Borrower and has not been taken, done or performed; and (ii) to the extent that an event or occurrence described in this section consists of the commencement of a proceeding against Borrower under Federal or state law or the appointment of a receiver or custodian under Federal or state law, then the commencement of such proceeding or the appointment of such receiver or custodian shall not constitute a Default if no other Default has occurred and if such proceeding or appointment is contested by Borrower within the time period and in the manner required by law and is dismissed, terminated or vacated within sixty (60) days after such commencement or appointment.

8.2. The enumeration of the foregoing rights and remedies is not intended to be exhaustive, and such rights and remedies are in addition to and not by way of limitation of any other rights or remedies Lender may have under the UCC or other applicable law. Lender shall have the right, in its sole discretion, to determine which rights and remedies, and in which order any of the same, are to be exercised, and to determine which Receivables are to be proceeded against and in which order, and the exercise of any right or remedy shall not preclude the exercise of any others, all of which shall be cumulative. No act, failure or delay by Lender shall constitute a waiver of any of its rights and remedies. No single or partial waiver by Lender of any provision of this Agreement, or breach or default thereunder, or of any right or remedy which Lender may have shall operate as a waiver of any other provision, breach, default, right or remedy or of the same provision, breach, default, right or remedy on a future occasion. Borrower waives presentment, notice of dishonor, protest and notice of protest of all instruments included in or evidencing any of the Obligations or the Receivables and any and all notices or demands whatsoever (except as expressly provided herein). Lender may, at all times, proceed directly against Borrower to enforce payment of the Obligations and shall not be required to first enforce its rights in the Receivables or any other security granted to it. Lender shall not be required to take any action of any kind to preserve, collect or protect its or Borrower's rights in the Receivables or any other security granted to it.

8.3. BORROWER HEREBY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN THE EVENT OF ANY LITIGATION WITH RESPECT TO ANY MATTER CONNECTED WITH THIS AGREEMENT, THE OBLIGATIONS, THE RECEIVABLES, OR ANY OTHER TRANSACTION BETWEEN THE PARTIES AND BORROWER HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF ANY FEDERAL COURT LOCATED IN SUCH STATE IN CONNECTION WITH ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE OBLIGATIONS. IN ANY SUCH LITIGATION BORROWER WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS AND AGREES THAT SERVICE THEREOF MAY BE MADE BY CERTIFIED OR REGISTERED MAIL DIRECTED TO BORROWER AT ITS PLACE OF BUSINESS SET FORTH ABOVE. WITHIN THIRTY (30) DAYS AFTER SUCH MAILING, BORROWER SHALL APPEAR IN ANSWER TO SUCH SUMMONS, COMPLAINT OR OTHER PROCESS, FAILING WHICH BORROWER SHALL BE DEEMED IN DEFAULT AND JUDGMENT MAY BE ENTERED BY LENDER AGAINST BORROWER FOR THE AMOUNT OF THE CLAIM AND OTHER RELIEF REQUESTED THEREIN.

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8.4. Borrower hereby agrees to indemnify Lender and hold Lender harmless from and against any liability, loss, damage, suit or proceeding ever suffered or incurred by Lender (including reasonable attorneys' fee) as a result of Borrower's failure to observe, perform or discharge Borrower's duties hereunder or as a result of Borrower's breach of any of the representations, warranties and covenants of this Agreement. This indemnity shall survive termination of this Agreement for any reason.

9. EFFECTIVE DATE, CONTROLLING LAW AND TERMINATION

9.1. This Agreement shall become effective upon acceptance by Lender at its office in the State of New York, and shall continue in full force and effect until August 31, 2016 (the "**Renewal Date**") and from year to year thereafter, unless sooner terminated as herein provided. Borrower may terminate this Agreement on the Renewal Date or on the anniversary of the Renewal Date in any year by giving Lender at least sixty (60) days' prior written notice by registered or certified mail, return receipt requested, and in addition to its other rights hereunder, Lender shall have the right to terminate this Agreement at any time by giving Borrower thirty (30) days' prior written notice. Should a Default occur hereunder, this Agreement will be terminable by Lender at any time and Borrower shall, upon any such termination by Lender, or upon termination of this Agreement effective prior to the end of its current term for any reason other than termination by Lender in the absence of a Default, pay to Lender, as liquidated damages and as part of the Obligations, in addition to amounts payable under Section 8.1 hereof, an amount equal to (i) three percent (3%) of the Maximum Credit Facility, if such termination occurs on or prior to the first anniversary of the date of the Closing; (ii) two percent (2%) of the Maximum Credit Facility, if such termination occurs after the first anniversary of the Closing but on or prior to the second anniversary of the Closing; and (iii) one percent (1%) of the Maximum Credit Facility, if such termination occurs after the second anniversary date of the Closing. In the event that Lender shall permit termination of this Agreement by Borrower other than as provided herein, as a condition to such termination, Borrower shall pay to Lender such additional liquidated damages in addition to performance of any other conditions to such termination. No termination of this Agreement, however, shall relieve or discharge Borrower of its duties, obligations and covenants hereunder until such time as all Obligations have been paid in full, and the continuing security interest in Receivables and other Collateral granted to Lender hereunder or under any other agreement shall remain in effect until such Obligations have been indefeasibly paid and performed in full and any provision hereof that by its terms survives termination of this Agreement shall survive pursuant to such terms. No provision hereof shall be modified or amended orally or by course of conduct but only by a written instrument expressly referring hereto signed by both parties. This Agreement embodies the entire agreement between Lender and Borrower as to the subject matter hereof and supersedes all prior agreements (whether oral or written) as to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective heirs, executors, administrators, successors and assigns, provided, however, that Borrower may not assign this Agreement or its rights hereunder without Lender's prior written consent. Borrower consents to Lender's sale of participations in the loans made under this Agreement.

9.2. ALL LOANS SHALL BE DISBURSED BY LENDER FROM ITS OFFICE IN THE STATE OF NEW YORK, SHALL BE PAYABLE BY BORROWER AT SUCH OFFICE, AND THIS AGREEMENT AND ALL TRANSACTIONS THEREUNDER SHALL BE DEEMED TO BE CONSUMMATED IN SUCH STATE AND SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THAT STATE. If any part or provision of this Agreement is invalid or in contravention of the applicable laws or regulations of any controlling jurisdiction, such part or provision shall be severable without affecting the validity of any other part or provision of this Agreement. Notwithstanding any provision herein or in any related document, Lender shall never be entitled to receive, collect, or apply, as interest on the Loan Account, any amount in excess of the maximum rate of interest ("**Maximum Rate**") permitted to be charged from time to time by applicable law (if such law imposes any maximum rate), and in the event Lender ever receives, collects, or applies as interest, any amount in excess of the Maximum Rate, such amount shall be deemed and treated as a partial prepayment of the principal of the Loan Account; and, if the principal of the Loan Account and all other of Lender's charges other than interest are paid in full, any remaining excess shall be paid to Borrower.

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10. **Miscellaneous**

10.1. Unless otherwise specifically provided in this Agreement, any notices, requests, demands or other communications permitted or required to be given under this Agreement shall be in writing and shall be sent by facsimile, hand delivery or by a nationally recognized overnight delivery service, to the addresses and facsimile numbers of the parties set forth below (or to such other address or facsimile number as a party may hereafter designate by a notice to the other that complies with this section) and shall be deemed given (a) in the case of a notice sent by facsimile, when received by the recipient if the sending party receives a confirmation of delivery from its own facsimile machine; and (b) in the case of a notice that is hand delivered or sent by such overnight courier, when delivered (provided that the sending party retains a confirmation of delivery). Any notice which, pursuant to the terms hereof must be sent by Borrower by certified or registered mail shall be deemed given and effective when received by Lender, or Borrower, as the case may be.

If to Lender

ROSENTHAL & ROSENTHAL, INC.

1370 Broadway

New York NY 10018

Attn: David Flaxman, Esq., with a copy to James
Occhiogrosso

Facsimile: (212) 356-0989

If to Borrower

Dataram Corporation

777 Alexander Road, Suite 100

Princeton, NJ 08540

Attn: Marc Palker, CFO

Facsimile:

10.2. Nothing contained herein shall impose on Lender any liability for any contracts, undertakings or other obligations of Borrower to others, including obligations of Borrower to any Account Debtor for breach of the terms of any contract of sale between Borrower and the Account Debtor.

10.3. Wherever in this Agreement (i) the term “including” appears, such term shall be deemed to mean “including without limitation”; (ii) the term “satisfactory” or “acceptable” to Lender appears, such terms shall be deemed to mean “acceptable” or “satisfactory” to Lender and its counsel in their sole and absolute discretion; and (iii) the terms “in the opinion” or “in the judgment” of Lender appear, such terms shall be deemed to mean “in the sole opinion” and “in the sole judgment” of Lender and its counsel.

10.4. Terms used in this Agreement that are not defined in this Agreement but are defined in the UCC shall have the meanings given in the UCC.

[Signature page follows]

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IN WITNESS WHEREOF, Lender and Borrower have caused this Agreement to be executed by their respective corporate officers thereto duly authorized as of the day and year first above written.

DATARAM CORPORATION

By: _____
John H. Freeman, CEO

Attest:

Secretary

Accepted:

ROSENTHAL & ROSENTHAL, INC.

By: _____
Robert Martucci, Senior Vice President

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PRESS RELEASE

Dataram Contact:
Marc P. Palker
Chief Financial Officer
609-799-0071
info@dataram.com

DATARAM ANNOUNCES THE REFINANCING OF ITS REVOLVING CREDIT LINE AND THE COMPLETION OF A SALE OF EQUIPMENT

PRINCETON, N.J. November 8, 2013— Dataram Corporation (NASDAQ: DRAM) announced today it has signed a Financing Agreement (“The Financing Agreement”) with Rosenthal and Rosenthal, Inc. The Financing Agreement provides for a revolving loan with a maximum borrowing capacity of \$3,500,000. The loans under the Financing Agreement mature on November 30, 2016 unless such Financing Statement is either earlier terminated or renewed. Loans outstanding under the Financing Agreement will bear interest at a rate of the Prime Rate (as defined in the Financing Agreement) plus 3.25% (the “Effective Rate”) or on Over-advances (as defined in the Financing Agreement), if any, at a rate of the Effective Rate plus 3%. The Financing Agreement contains other restrictive covenants, including, among others, covenants limiting our ability to incur indebtedness, guarantee obligations, sell assets, make loans, enter into mergers and acquisition transactions and declare or make dividends. Borrowings under the Financing Agreement are collateralized by substantially all the assets of the Company. The funds will provide working capital to the Company.

At the same time, the Company entered into a financing arrangement with David Sheerr (“Sheerr”), structured as a sale lease-back. Pursuant to the arrangement, the Company sold certain equipment and furniture located at its facility at 130 Corporate Drive, Montgomeryville, PA 18936 (the “Montgomeryville Facility”) to Sheerr in consideration for a reduction of \$500,000 in the remaining principal balance of an outstanding promissory note owed to Sheerr, which promissory note was amended and restated (the “Amended and Restated Note and Security Agreement”). As additional security for the Amended and Restated Note and Security Agreement, the Company collaterally assigned to Sheerr its lease to the Montgomeryville Facility pursuant to a Collateral Assignment of Tenant’s Interest in Lease (the “Collateral Assignment”).

Simultaneously, the Company leased the equipment and furniture back from Sheerr pursuant to an Equipment and Furniture Lease Agreement (the “Lease”). The Lease has a 5 year term, and provides the Company with the option to extend the term for an additional 2 years.

John H. Freeman, Dataram's President and CEO commented, "These are steps we are taking in a program to strengthen our balance sheet, reduce expenses and have working capital available to support large recent wins and to position Dataram for future growth."

ABOUT DATARAM CORPORATION

Founded in 1967, Dataram is a worldwide leader in the manufacture of high-quality computer memory, storage and software products. Our products and services deliver IT infrastructure optimization, dramatically increase application performance and deliver substantial cost savings. Dataram solutions are deployed in 70 Fortune 100 companies and in mission-critical government and defense applications around the world. For more information about Dataram, visit www.dataram.com.

The information provided in this press release may include forward-looking statements relating to future events, such as the development of new products, pricing and availability of raw materials or the future financial performance of the Company. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: changes in the price of memory chips, changes in the demand for memory systems, increased competition in the memory systems industry, order cancellations, delays in developing and commercializing new products and other factors described in the Company's most recent Annual Report on Form 10-K, filed with the Securities and Exchange Commission, which can be reviewed at <http://www.sec.gov>.