

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **April 30, 2015**.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number: **1-8266**

DATARAM CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey

(State of Incorporation)

22-183140

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

P.O. Box 7528, Princeton, New Jersey

Address of principal executive offices)

08543-7528

(Zip Code)

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

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

Title of each class

Common Stock, \$1.00 Par Value

Name of exchange on which registered

NASDAQ Stock Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

See definition of "accelerated filer and large accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell-company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the Common Stock held by non-affiliates of the registrant calculated on the basis of the closing price as of the last business day of the registrant's most recently completed second quarter, October 31, 2014, was \$5,303,126.

The number of shares of Common Stock outstanding on July 29, 2015 was 2,801,012 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Portions of the Definitive Proxy Statement for the Annual Meeting of Shareholders to be filed within 120 days of the end of the fiscal year (Definitive Proxy Statement), are incorporated into Part III hereof.

DATARAM CORPORATION
INDEX

	Page
Part I	
Item 1. Business	4
Item 1A. Risk Factors	15
Item 1B. Unresolved Staff Comments	24
Item 2. Properties	24
Item 3. Legal Proceedings	24
Item 4. Mine Safety Disclosures	25
Part II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	25
Item 6. Selected Financial Data	26
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	35
Item 8. Financial Statements and Supplementary Data	36
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	63
Item 9A. Controls and Procedures	63
Item 9B. Other Information	63
Part III	
Item 10. Directors, Executive Officers, and Corporate Governance	64
Item 11. Executive Compensation	64
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	64
Item 13. Certain Relationships and Related Transactions and Director Independence	64
Item 14. Principal Accounting Fees and Services	64
Part IV	
Item 15. Exhibits and Financial Statement Schedules	64
Signatures	65

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Business section and other parts of this Annual Report on Form 10-K (“Form 10-K”) contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as “future,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “will,” “would,” “could,” “can,” “may,” and similar terms. Forward-looking statements are not guarantees of future performance and the Company’s actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Form 10-K under the heading “Risk Factors,” which are incorporated herein by reference. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

EXPLANATORY NOTE

The Company has prepared and presented the accompanying financial statements for the two years in the period ended April 30, 2015 in accordance with SEC Regulation S-X. The Financial statements for the year ended April 30, 2015 include the audit opinion of our registered public accounting firm dated August 7, 2015. The Financial statements for the year ended April 30, 2014 were audited by our predecessor auditor whose audit opinion was dated July 29, 2014. The Company requested, but has not received as of the date of this filing, the predecessor auditor’s approval to reissue its previously issued Audit Report covering the financial statements for the year ended April 30, 2014. Upon receipt of the reissued Report from the predecessor auditor, the Company will file an amendment to this Annual Report to include the Report.

PART I

Item 1. BUSINESS

Since 1967, Dataram Corporation (“Dataram” or the “Company”) has been a leading independent manufacturer of memory products and provider of performance solutions. The Company provides customized memory solutions for original equipment manufacturers (OEMs) and compatible memory for leading brands including Cisco, Dell, Fujitsu, HP, IBM, Lenovo and Oracle as well as a line of memory products for Intel and AMD motherboard based servers. Dataram manufactures its memory in-house to meet three key criteria - quality, compatibility, and selection - and tests its memory for performance and original equipment manufacturer (OEM) compatibility as part of the production process. With memory designed for over 50,000 systems and with products that range from energy-efficient DDR4 modules to legacy SDR offerings, Dataram offers one of the most complete portfolios in the industry. Backed by in-depth quality test programs, nearly fifty years of manufacturing expertise, and a limited lifetime warranty, Dataram memory products are built to last. The company is a CMTL Premier Participant and ISO 9001 (2008 Certified). Its products are fully compliant with JEDEC Specifications.

Dataram’s customers include an international network of distributors, resellers, retailers, OEM customers and end users.

Dataram competes with several other large independent memory manufacturers and the OEMs noted above. The primary raw material used in producing memory boards is dynamic random access memory (DRAM) chips. The purchase cost of DRAMs is the largest single component of the total cost of a finished memory board. Consequently, average selling prices for computer memory boards are significantly dependent on the pricing and availability of DRAM chips.

In addition to memory products, Dataram offers solutions that provide our customers significant and quantifiable cost savings (reduction in total cost of ownership) while helping them manage end-of-life transitions. These include:

- Design and engineering services
- Contract and flexible manufacturing to accommodate special customer needs
- Simulation labs for testing and validation
- Financial programs and trade-in / trade-up programs to allow customers to optimize memory procurements
- Software tools to assess memory needs and optimize memory deployment and application performance

Dataram has four business lines which provide complimentary solutions to the market. Each has a different customer focus and “go to market” approach. They are:

- Dataram / Princeton Memory
- Micro Memory Bank (MMB)
- MemoryStore.com
- 18004Memory.com

The Dataram / Princeton Memory Business provides innovative new memory products that support enterprise / mission critical need; custom and high end memory solutions for most demanding customers ranging from enterprise and data center segments to power users and gamers; provides solutions to extend the density memory options available to customers. The business also provides:

- Memory Solutions Services:
 - Performance optimization, total cost of computing reduction consulting
 - Engineering and design services for embedded applications
 - Proof of concept engagements
 - Customized consignment programs
 - Product on-demand offerings
 - Installation services

- Software: products that improve application and computing performance
- Buy-back program: in conjunction with the MMB business, provides customers with opportunity to “trade-in” existing memory as part of a sale with trade-in credited towards purchase of new memory

The Micro Memory Bank business provides new and refurbished memory products which are not commonly available. These solutions extend the life of the system where memory is no longer available by the OEM, helping companies avoid the cost of additional hardware expenditures. The business also provides:

- Brokerage services: makes opportunistic purchases of excess surplus inventories for less than market price; also buys unknown inventory which is then opened, cataloged, and sometimes refurbished.
- Buy-back program: works with Princeton business to provide customers with opportunity to “trade-in” existing memory as part of a sale with trade-in credited towards purchase of new memory. Memory traded-in is refurbished and then sold.
- Technology recycling program: provides end of life recycling services to customers across all IT hardware categories including laptops, desktops, workstations, servers, main frames, hubs and switches.

Operating since 1994, 18004Memory.com web property provides a one-stop source for new and refurbished memory products used in desktops, laptops, notebooks, servers, MAC systems, printers, digital cameras, PDAs, MP3 players, and more. They provide memory upgrades for all major brands including Compaq, Dell, Apple, Hewlett-Packard, Toshiba, IBM, Gateway, Sony, Fujitsu, Acer. Products are backed by a limited lifetime warranty on all computer memory and 30-day money back guarantee.

The Memorystore.com web property provides a one-stop web source for “Dataram Value Memory” products used in desktops, laptops, notebooks, servers, workstations, and MAC systems. Dataram Value Memory is memory specifically designed and tested to meet industry standards. It is purchased by customers who know the exact technical specifications of the memory they need. Dataram Value Memory is fully compliant with JEDEC Specifications. It is 100-percent tested and backed by a limited lifetime warranty.

The Company was incorporated in New Jersey in 1967 and made its initial public offering in 1968. Its common stock, \$1 par value (the "Common Stock"), was listed for trading on the American Stock Exchange in 1981. In 2000 the Company changed its listing to the NASDAQ National Market (now the NASDAQ Stock Market) where its stock trades under the symbol "DRAM." The Company's principal executive office is located at 777 Alexander Park, Princeton, New Jersey 08540, its telephone number is (609) 799-0071, its fax is (609) 799-6734 and its website is located at <http://www.dataram.com>. Proxy Statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and all amendments thereto, are available on the Company's website free of charge.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q along with our Code of Conduct and Ethics are available through our corporate website at www.Dataram.com. A copy of this Annual Report on Form 10-K is located at the Securities and Exchange Commission's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The public may also download these materials from the Securities and Exchange Commission's website at <http://www.sec.gov>. Any amendments to, and waivers of, our Code of Conduct and Ethics will be posted on our corporate website.

Industry Background

The market for the Company's memory products is principally the buyers and owners of workstations, servers and the OEMs that manufacture workstations, servers and other products that use embedded computers. These systems have been important to the growth of the Internet.

The OEM market is also an important part of the Company's business. Management believes that increasingly cost conscious OEMs are looking to independent memory suppliers such as the Company for the low-cost supply of memory modules.

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

Network servers are computer systems on a network which provide dedicated functions accessible by all workstations and other systems on the same network. Examples of different types of servers in use today are: file servers, communication servers, computation servers, database servers, print servers and storage servers.

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

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

Generally, growth in the memory market closely follows both the growth in unit shipments of system vendors and the growth of memory requirements per system. There has been a recent acceleration in the growth of memory requirements per system driven the deployment of virtualization solutions, high performance computing, and big data.

Management also estimates that in the compatibles market, sales by system vendors constitute 80% of the memory market. To successfully compete with system vendors, the Company must continue to respond to customers' needs in a short time frame. To support customers' needs, the Company has a dedicated and highly automated manufacturing facility that is designed to produce and ship customer orders within twenty-four hours or less.

Products

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

Our RAMDisk software product creates a virtual RAM drive, or block of memory, which a computer treats as if it were a disk drive. By storing files and programs into memory, a user can speed up internet load times, disk-to-disk activities, accelerate databases and reduce compile times. The product features a save and load option that allows RAMDisk to appear as persistent storage, even through reboots. RAMDisk has developed a strong presence in both the consumer and commercial marketplace. RAMDisk software has also been licensed and integrated into specialized commercial products. RAMDisk is also capable of extending the longevity of expensive solid state storage devices by housing writes which tend to wear out these devices.

In the fourth quarter of fiscal year ended April 30, 2015, with the recommendation of the board of directors, the Company chose to terminate its agreement with AMD to manufacture and sell memory modules for the consumer market branded as AMD under the name Radeon to refocus on its core strength of memory products for the business market.

Distribution

The Company sells its memory products to OEMs, distributors, value-added resellers and larger end-users. The Company has sales and/or marketing support offices in New Jersey, USA, France, and Denmark.

Product Warranty and Service

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

Going Concern

The Company's financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America and have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. For the previous fiscal years ended April 30, 2015 and 2014, the Company has incurred losses in the amounts of approximately \$3,829,000 and \$2,609,000, respectively.

Our continuation as a going concern is dependent upon obtaining the additional working capital necessary to sustain our operations. We may raise additional working capital by obtaining financing, raising capital through the sales of equity and or debt securities and upon future profitable operations. We may also seek to reduce our expenses. For example, the Company began taking aggressive measures in late November 2014 to increase the efficiency of its operations and improve the affordability of its products and services. To date, the Company has implemented actions resulting in approximately \$3.5 million in annual cash savings for Dataram Corporation. These cost reductions have been achieved through organizational realignment, space reduction, network optimization, benefits improvements, contract renegotiations, and improved purchasing and supply management. There is no assurance that our current operations will be profitable or that we will raise sufficient funds to continue operating. The Company continues to seek out opportunities to reduce overhead expenses to meet revenues. These factors raise doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the classification of liabilities that might be necessary in the event we cannot continue in operations.

On November 12, 2014, the Company completed a private placement of 600,000 shares of its Series A Preferred Stock ("Series A Stock") together with Warrants to purchase shares of its common stock ("Preferred Warrant") at a price of \$5.00 per share, in accordance with the Series A Preferred Stock Purchase Agreement dated October 20, 2014 (the "Purchase Agreement"). The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant, after deducting the estimated offering expenses incurred by the Company were approximately \$2,700,000. At any time from November 17, 2014, the date of Closing, and prior to October 20, 2019 (the "Put/Call Exercise Period"), and the investors may exercise a right to purchase and require the Company to sell up to an additional 700,000 shares of Series A Stock. If the investors have not exercised this right during the Put/Call Exercise Period, the Company may exercise a right to cause and require the investors to purchase up to an additional 700,000 shares of Series A Stock, for an aggregate purchase price of \$3,500,000.

On February 2, 2015, the Company completed a private placement of 26,600 shares of its Series A Stock ("Series together with Preferred Warrants to purchase and additional 66,500 shares at an exercise of its common stock at a price of \$2.5 per share, in accordance with the Purchase Agreement. The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant were approximately \$133,000. As of April 30, 2015 the Company has remaining 673,400 Series A shares available.

Working Capital Requirements

Credit Facility

On November 6, 2013, the Company entered into a new financing agreement (the "Financing Agreement") with Rosenthal & Rosenthal, Inc. to replace the existing loan agreement. 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 Agreement is either earlier terminated or renewed. Loans outstanding under the Financing Agreement 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 financial and 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. On April 29, 2014, the Company entered into an amendment (the "Amendment") to the Financing Agreement. The Amendment provides for advances against inventory balances based on prescribed formulas of raw materials and finished goods. The maximum borrowing capacity remains at \$3,500,000. Borrowings at April 30, 2015 totaled approximately \$2,109,000 and there was no additional availability on that date.

Plan of Operation

The Company has been experiencing losses due to the decline and instability of DRAM prices, poor investment and capital allocation decisions. It is uncertain how long the current level of DRAM pricing will continue, or whether or when prices will rise in the near future. Until such time that the Company can raise prices, it will continue to seek alternative methods of generating profits and cash flow. For example, the Company continues to pursue product diversification, either by development or as a contract manufacturer. Additionally, the Company will continue to identify joint ventures, strategic partnerships and business combination opportunities. There can be no assurance that any of these initiatives will mature to profitability and positive cash flow, or even occur.

Sales of Securities

On July 15, 2014, the Company entered into the Purchase Agreement governing the issuance of \$750,000 aggregate principal amount of Bridge Notes and Bridge Warrants. The Bridge Notes and Bridge Warrants were issued on July 15, 2014. The Company issued \$600,000 aggregate principal amount of the Bridge Notes to certain Institutional investors and \$150,000 aggregate principal amount of the Bridge Notes to certain members of Management. The Bridge Notes, the initial maturity date of which was October 15, 2014 (which was subject to a three-month extension at the option of the holders that occurred; see below), are convertible into shares of the Company's common stock. The initial conversion price for Institutional Investors is \$2.50 per share (which was subsequently reduced; see below), and the initial conversion price for Management is equal to the closing price of the Company's common stock on the closing date of the Purchase Agreement, \$2.94. The Bridge Notes are secured obligations of the Company and bear interest at a rate of 8% per year. The Bridge Warrants are exercisable for five years after the closing date of the Purchase Agreement, or July 15, 2019. For each \$1,000 of principal amount of Bridge Notes, the holder received 1,200 Bridge Warrants, each exercisable for the purchase of one share of the Company's common stock. Each holder is entitled to exercise one-third of all Bridge Warrants received at an exercise price of \$3.00, one-third of all Bridge Warrants received at an exercise price of \$3.50, and one-third of all Bridge Warrants received at an exercise price that is equal to the closing price on the closing date of the Purchase Agreement, \$2.94. Pursuant to the terms of the Purchase Agreement, the Company has agreed to register for re-sale the shares underlying the Bridge Notes and the Bridge Warrants.

On October 15, 2014, the original maturity date of the Bridge Notes, the maturity date of the Bridge Notes was extended to January 15, 2015 for all holders of the Bridge Notes. On November 17, 2014 the Company closed the sale of 600,000 shares of its Series A Stock, which resulted in the reduction of the conversion price of the Bridge Notes held by the institutional investors to \$2.00 from \$2.50 to equal the conversion price of the Series A Preferred Stock (see below). In addition, two additional 90-day extensions were provided to the institutional investors, which could extend the final maturity date to July 15, 2015. The extensions expired on January 15, 2015 and at the quarter ended January 31, 2015 the Bridge Notes were in default. The Company paid off approximately \$42,500 of the Notes and received extensions from all Bridge Note holders except for one holder of an \$80,000 Bridge Note, which extend the maturity date to January 15, 2016 from the Bridge Note holders. The Company continues to accrue interest on the Bridges Notes. In the event the Bridge Notes are converted to equity, their incremental fair value will be recognized in the consolidated statement of operations. The Company has also advised Rosenthal and Rosenthal, Inc. of the default on the Bridge Notes which is a default under our finance agreement.

On November 17, 2014, the Company completed a private placement of 600,000 shares of its Series A Stock together with the Preferred Warrants to purchase shares of its common stock at a price of \$5.00 per share, in accordance with the Series A Preferred Stock Purchase Agreement dated October 20, 2014 (the "Purchase Agreement"). The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrants, after deducting the estimated offering expenses incurred by the Company were approximately \$2,697,000.

At any time from November 17, 2014, and prior to October 20, 2019 (the "Put/Call Exercise Period"), the investors may exercise a right to purchase and require the Company to sell up to an additional 700,000 shares of Series A Stock. If the investors have not exercised this right during the Put/Call Exercise Period, the Company may exercise a right to cause and require the investors to purchase up to an additional 700,000 shares of Series A Stock, for an aggregate purchase price of \$3,500,000. Neither party can refuse the put or call. Holders of the Series A Stock shall initially have the right to convert such shares of Series A Stock into the number of authorized but previously unissued shares of the Company's common stock obtained by dividing the stated value of each share of Series A (\$5.00) by \$2.00. For each share of Series A Stock, the investors received 2.5 Preferred Warrants to purchase the Company's common stock at an exercise price of \$2.50 per share. The Preferred Warrants are exercisable immediately for a period of five years from the date of closing. The exercise price of the Preferred Warrants is subject to adjustments in the case of stock splits, stock dividends, combinations of shares and similar recapitalization transactions. The exercisability of the Preferred Warrants may be limited if upon exercise, the warrant holder or any of its affiliates would beneficially own more than 4.99% of the Company's Common Stock.

The Holders of the Series A Stock will receive preferential cumulative dividends at the rate of 8% per annum (equivalent to a fixed annual payment of \$0.40 per share). The dividends are payable in shares of common stock and shall be valued at the weighted average price of the Company's common stock over the ten (10) consecutive trading days ended on the second trading day immediately before the payment date.

On February 2, 2015, the Company completed a private placement of 26,600 shares of its Series A Stock ("Series together with Preferred Warrants to purchase and additional 66,500 shares at an exercise of its common stock at a price of \$2.5 per share, in accordance with the Purchase Agreement. The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant were approximately \$133,000.

On February 2, 2015, the Company issued and sold an aggregate of 183,000 restricted shares of its common stock at a price of \$2.00 per share and five-year warrants to purchase an additional 316,000 shares with an exercise price of \$2.50 per share, of which 50,000 shares were purchased by David A Moylan, the Company's CEO. The net proceeds to the Company from the sale of the restricted common stock and warrants (exclusive of any exercise thereof) were approximately \$365,000.

DRAM Prices

The memory product business is heavily dependent upon the price of DRAMs. Producers of DRAM are required to invest substantial capital resources to produce their end product. Their marginal cost is low as a percentage of the total cost of the product. As a result, the world-wide market for DRAMs has swung in the past from period to period from oversupply to shortage. During periods of substantial oversupply, the Company has seen falling prices for DRAMs and wide availability of DRAMs allowing the Company to maintain minimum inventories to meet the needs of customers. During periods of shortages, DRAMs are allocated to customers and the Company must invest heavily in inventory in order to continue to be assured of the supply of DRAMs from vendors. At the present time, the market for DRAMs is balanced, but with spot shortages of certain DRAM configurations.

Memory Product Complexity

DRAM memory products for workstations and enterprise servers have, for many years, been undergoing a process of simplification with a corresponding decline in profit margins for current generation memory products as competitors' entry into the market becomes easier. Memory products for prior generations of workstations and servers are sold with higher margins as few competitors continue to supply memory for those computers.

Engineering

The Company's ability to compete successfully depends upon its ability to identify new memory needs of its customers. To achieve this goal, the Company's engineering group continually monitors computer system vendors' new product developments, and the Company evaluates and tests major components as they become available. The Company designs prototype memory modules and subjects them to reliability testing procedures. The Company incurred engineering costs of \$768,000 in the fiscal year ended April 30, 2015 and \$1,186,000 in the fiscal year ended April 30, 2014.

Raw Materials

The Company purchases industry standard DRAMs. The Company also purchases finished modules from DRAM manufacturers. In either case, the cost of DRAM chips is the largest single component of the total cost of our memory products. Fluctuations in the availability or prices of DRAMs can have a significant impact on the Company's profit.

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

Manufacturing

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

Backlog

The Company expects that all of the backlog on hand will be filled during the current fiscal year and most in the first quarter of the fiscal year ending April 30, 2016. The Company's backlog at April 30, 2015 was \$98,000 at April 30, 2014 was \$216,000. Product backlog at any point in time may not translate into net revenue in any subsequent period, as unfilled orders can generally be canceled at any time by the customer.

Competition

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

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

The Company believes that its 48-year reputation for providing quality products is an important factor to its customers when making a purchase decision. To strengthen this reputation, the Company has a comprehensive lifetime warranty program which provides customers with added confidence in buying from the Company. See "Item 1 --Business-Product Warranty and Service."

Patents, Trademarks and Licenses

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

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

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

Employees

As of April 30, 2015, the Company had 27 full-time salaried employees and 15 hourly employees. The Company believes it has satisfactory relationships with its employees. None of the Company's employees are covered by a collective bargaining agreement.

Environmental

Compliance with federal, state and local provisions which have been enacted or adopted to regulate the protection of the environment does not have a material effect upon the capital expenditures, earnings and competitive position of the Company. The Company did not make any material expenditure for environmental control facilities in the current fiscal year, nor do we expect to make material expenditure in the fiscal year ending April 30, 2016.

Financial information about geographic area sales

For the last two fiscal years the Company has had sales in the following geographic areas:

REVENUES (000's) Export

<u>Fiscal</u>	<u>U.S.</u>	<u>Europe</u>	<u>Other*</u>	<u>Consolidated</u>
2015	\$ 23,285	\$ 3,785	\$ 1,188	\$ 28,258
2014	\$ 24,917	\$ 3,431	\$ 2,051	\$ 30,399

PERCENTAGES Export

<u>Fiscal</u>	<u>U.S.</u>	<u>Europe</u>	<u>Other*</u>	<u>Consolidated</u>
2015	82.4%	13.4%	4.2%	100.0%
2014	82.0%	11.3%	6.7%	100.0%

*Principally Asia Pacific Region

Item 1A. RISK FACTORS

Our business, operating results, financial condition, and prospects are subject to a variety of significant risks, many of which are beyond our control. The following is a description of some of the important risk factors particular to our business and industry that may cause our actual results in future periods to differ substantially from those we currently expect or seek. The risks described below are not the only risks facing us. There are additional risks and uncertainties not currently known to us or that we currently deem to be unlikely or immaterial that also may materially adversely affect our business, operating results, financial condition, or prospects.

Our largest stockholder, Isaac Capital Group, holds significant control over our common stock and Series A Preferred Stock and may be able to control our Company indefinitely.

The Isaac Capital Group currently has beneficial ownership of approximately 23% of our outstanding common stock, including shares of Series A Preferred Stock convertible into shares of common stock, and therefore has considerable influence over the outcome of all matters submitted to our shareholders for approval, including the election of directors, and the approval of significant corporate transactions.

Failure to satisfy NASDAQ continued listing rule.

For the fiscal year ended April 30, 2015 our shareholder's equity was less the \$2,500,000 and we are in non-compliance with the applicable shareholder's equity requirement for continued listing on The NASDAQ Capital Market. Our failure to comply with the shareholder's equity requirement may subject our securities to delisting from NASDAQ. The Company intends to present its plan to evidence and sustain compliance with all applicable requirements for continue listing on NASDAQ.

Our independent auditors have issued a going concern opinion and, if we are unable to obtain bank financing, raise capital or generate enough cash from operations to sustain our business, then we may have to liquidate assets or curtail our operations.

In its audit report dated August 7, 2015 for the fiscal years ended April 30, 2015, the opinion of our independent registered public accounting firm, Anton & Chia LLP, included an emphasis paragraph as to the uncertainty of our ability to continue as a going concern. Most notably, significant recurring net losses through April 30, 2015 raise substantial doubt about our ability to continue as a going concern. During the fiscal year ended April 30, 2015, we incurred a net loss to common shareholders of \$3,829,000. We will need to generate significant revenues in order to achieve profitability.

We have incurred net losses in recent years and our future profitability is not assured.

For the fiscal years ended April 30, 2015 and 2014, we incurred net losses of approximately \$3,829,000 and \$2,609,000, respectively. Our operating results for future periods are subject to numerous uncertainties and we cannot assure you that we will not continue to experience net losses for the foreseeable future. If we are not able to increase revenue and reduce our costs, we may not be able to achieve profitability.

We are likely to need additional financing, but our access to capital funding is uncertain.

As of April 30, 2015, we had cash, cash equivalents and marketable securities totaling \$327,000. During the year then ended, we had a net loss of \$3,829,000 and used cash in operating activities of \$2,581,000. We believe our existing capital resources should be sufficient to fund the activities contemplated by our current operating plan into the third quarter of the fiscal year ending April 30, 2015. We intend to seek external funding prior to that time, however, most likely through bank debt and the issuance and sale of securities. We cannot predict with any certainty when we will need additional funds or how much we will need or if additional funds will be available to us. Our need for future funding will depend on numerous factors, many of which are outside our control.

Our access to capital funding is uncertain. We do not have committed external sources of funding, and we may not be able to obtain additional funds on acceptable terms, or at all. During the fiscal year ended April, 30 2015, we implemented cost-containment initiatives through the restructuring of our workforce and we could implement other cost-containment initiatives in the future. Such cost-containment initiatives could result in a temporary lack of focus and reduced productivity amongst our work force which could adversely impact our prospects for product sales and profitability. We might also need to sell or license our technologies on terms that are not favorable to us, which could also adversely affect our prospects for profitability. Our inability to raise additional capital on terms reasonably acceptable to us would seriously jeopardize the future success of our business.

If we raise funds by issuing and selling securities, it may be on terms that are not favorable to our existing stockholders. If we raise additional funds by selling equity securities, our current stockholders will be diluted, and new investors could have rights superior to our existing stockholders. If we raise funds by selling debt securities, we could be subject to restrictive covenants and significant repayment obligations.

On November 12, 2014, the Company completed a private placement of 600,000 shares of its Series A Preferred Stock (“Series A Stock”) together with Warrants to purchase shares of its common stock (“Preferred Warrant”) at a price of \$5.00 per share, in accordance with the Series A Preferred Stock Purchase Agreement dated October 20, 2014 (the “Purchase Agreement”). The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant, after deducting the estimated offering expenses incurred by the Company were approximately \$2,700,000. At any time from November 17, 2014, the date of Closing, and prior to October 20, 2019 (the “Put/Call Exercise Period”), and the investors may exercise a right to purchase and require the Company to sell up to an additional 700,000 shares of Series A Stock. If the investors have not exercised this right during the Put/Call Exercise Period, the Company may exercise a right to cause and require the investors to purchase up to an additional 700,000 shares of Series A Stock, for an aggregate purchase price of \$3,500,000.

We may have to substantially increase our working capital requirements in the event of DRAM allocations.

Over the past 20 years, availability of DRAMs has swung back and forth from oversupply to shortage. In times of shortage, we have been forced to invest substantial working capital resources in building and maintaining inventory. At such times we have bought DRAMs in excess of our customers' needs in order to ensure future allocations from DRAM manufacturers. In the event of a shortage, we may not be able to obtain sufficient DRAMs to meet customers' needs in the short term, and we may have to invest substantial working capital resources in order to meet long-term customer needs.

We could suffer additional losses if DRAM prices continue to decline.

We are at times required to maintain substantial inventories during periods of shortage and allocation. Thereafter, during periods of increasing availability of DRAMs and rapidly declining prices, we have been forced to write down inventory. There can be no assurance that we will not suffer losses in the future based upon high inventories and declining DRAM prices.

Our sales, revenues and results of operations could fluctuate from quarter to quarter.

Our revenues and ultimate results of operation may vary for a variety of reasons. Such reasons could include, for example, changes in general economic conditions or consumer demand, the introduction of new products by us or by our competitors, a significant purchase or sale of assets or other business combination or an unanticipated event affecting us or our industry, among other factors. Such variability in operating results may affect credit terms offered to us, makes prediction of revenues for each financial period difficult and increases the risk of unanticipated variations in quarterly results and financial condition.

In order to compete and succeed, we need to introduce, and continue to provide, products that provide value for customers.

Our future success is dependent on the development of new markets wherever possible, and new applications and new products which customers believe will add value, as well as the continued demand for our products among our existing customers. Our ability to develop, qualify and distribute new products and related technologies to meet evolving industry requirements, at prices acceptable to our customers and on a timely basis are significant factors in determining our competitiveness in our target markets. There can be no assurance that the Company will be able to exploit new markets or continue to develop products that achieve wide customer acceptance in the marketplace, or that demand for existing products will continue.

The Company's business is subject to the risks of international procurement which could have an adverse effect on the Company's financial results.

A significant portion of the Company's raw materials and finished goods are purchased from foreign manufacturers. As a result, the Company's international procurement operations are subject to the risks associated with such activities including, economic and labor conditions, international trade regulations (including tariffs and anti-dumping penalties), war, international terrorism, civil disobedience, natural disasters, political instability, governmental activities and deprivation of contract and property rights. In addition, periods of international unrest may impede our ability to procure goods from other countries and could have a material adverse effect on our business and results of operations. An interruption in supply and resulting higher costs, could have an adverse effect on the Company's financial results.

We may not successfully implement our strategic plans.

The Company presently has plans to expand its sales of memory products, to develop new business opportunities based on its existing expertise and software, to continue to seek and evaluate possible strategic alliances to enhance its sales, and to develop and monetize additional intellectual property. These plans, however, are subject to modification or replacement by management if it decides that economic, industry, technological, regulatory or other factors warrant a change. In addition, there can be no assurance that the Company will successfully implement all such plans or that circumstance in the marketplace and the economy will allow the implementation of such plans.

If we fail to achieve and maintain favorable pricing and credit terms from our vendors, our business would be harmed and our operating results would be adversely affected.

Our costs are affected by our ability to achieve favorable pricing and credit terms from our vendors and contract manufacturers, including through negotiations for vendor rebates and other vendor funding received in the normal course of business. Because these supplier negotiations are continuous and reflect the ongoing competitive environment, the variability in terms can negatively affect our costs and operating results if we cannot sufficiently adjust pricing or cost variables.

In order to compete, we must attract, retain, and motivate key employees, and our failure to do so could harm our results of operations.

In order to compete, we must attract, retain, and motivate executives and other key employees. Hiring and retaining qualified executives, engineers, technical staff, and sales representatives are critical to our business, and competition for experienced employees in our industry can be intense. We also do not have an equity compensation plan applicable to executive officers. If we continue to suffer losses or do not implement an equity compensation plan for executive officers, our ability to attract, retain, and motivate executives and employees could be weakened, which could harm our results of operations.

We may not be able to adequately protect our intellectual property rights.

We rely on copyright, trademark, patent and trade secret laws, confidentiality procedures, controls and contractual commitments to protect our intellectual property rights. Despite our efforts, these protections may be limited. Unauthorized third parties may try to copy or reverse engineer portions of our products or otherwise obtain and use our intellectual property. Any patents owned by us may be invalidated, circumvented or challenged. Any of our pending or future patent applications, whether or not being currently challenged, may not be issued with the scope of the claims we seek, if at all. In addition, the laws of some countries do not provide the same level of protection of our intellectual property rights as do the laws and courts of the United States. If we cannot protect our intellectual property rights against unauthorized copying or use, or other misappropriation, we may not remain competitive.

Our products may violate third party intellectual property rights.

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

We may lose an important customer.

During the fiscal year ended April 30, 2015, the largest ten customers accounted for approximately 53% of the Company's revenues and one customer accounted for approximately 20% of the Company's revenues. There can be no assurance that one or more of these customers will not cease or materially decrease their business with the Company in the future and that our financial performance will not be adversely affected thereby.

Sales directly to OEM's and contract manufacturers can make our revenues, earnings, backlog and inventory levels uneven.

Revenue and earnings from OEM sales may become uneven as order sizes are typically large and often a completed order cannot be shipped until released by the OEM, e.g., to meet a "just in time" inventory requirement. This may occur at or near the end of an accounting period. In such case, revenues and earnings could decline for the period and inventory and backlog could increase.

We face competition from OEM's.

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

We face competition from DRAM manufacturers.

DRAM manufacturers not only sell their product as discrete devices, but also as finished memory modules. They primarily sell these modules directly to OEMs and large distributors and as such compete with us. There can be no assurance that DRAM manufacturers will not expand their market and customer base, and our profit margins and earnings could be adversely affected.

The market for our products may narrow over time.

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

A portion of our operations is designed to meet the needs of the very competitive Intel and AMD processor-based motherboard market.

In addition to selling server memory systems, we develop, manufacture and market a variety of memory products for motherboards that are Intel or AMD processor based. Many of these products are sold to OEMs and incorporated into computers and other equipment. This is an intensely competitive market with high volumes but lower margins.

Delays in product development schedules may adversely affect our revenues.

The development of software products is a complex and time-consuming process. New products and enhancements to existing products can require long development and testing periods. Our increasing focus on software plus services also presents new and complex development issues. Significant delays in new product or service releases or significant problems in creating new products or services could adversely affect our revenue.

Any claim that our products are defective could harm our business.

We undertake to produce consistently high-quality products, free of defects and errors. Nevertheless, it is possible that our products may contain errors or defects. Our products are complex and must meet stringent user requirements, and we have consistently provided a lifetime warranty for our products. Any customer claims of errors or defects could result in increased expenditures for product testing, or increase our service costs and potentially lead to increased warranty claims. Errors or defects in our products may be caused by, among other things, errors or defects in the memory or controller components, including components we procure from third parties. These factors could result in the rejection of our products, product recalls, and damage to our reputation, lost revenues, diverted development resources, increased customer service and support costs, warranty claims and litigation. We record an allowance for warranty and similar costs in connection with sales of our products, but actual warranty and similar costs may be significantly higher than our recorded estimate and harm our operating results and financial condition.

Moreover, despite testing prior to its release, our software products may contain errors, especially when first introduced or when new versions are released. The detection and correction of any errors can be time consuming and costly. Errors in our software products could affect the ability of our products to work with other software or hardware products, could delay the development or release of new products or new versions of products and could adversely affect market acceptance of our products. If we experience errors or delays in releasing our new software or new versions of our software products, we could lose revenues. End users, who rely on our software products and services for applications that are critical to their businesses, may have a greater sensitivity to product errors than customers for software products generally. Errors in our software products or services could expose us to product liability, performance and/or warranty claims as well as harm our reputation, which could impact our future sales of products and services.

We may make unprofitable acquisitions.

The Company is actively looking at acquiring complementary products and related intellectual property. The possibility exists that an acquisition will be made at some time in the future. Uncertainty surrounds all acquisitions and it is possible that a particular acquisition may not result in a benefit to shareholders, particularly in the short-term. In addition, there can be no assurance that the business of MMB acquired by the Company will remain a profitable operating unit of the Company or that savings from having a larger consolidated business operation will continue.

The investments we make in research and development may not lead to profitable new products.

The Company has implemented a strategy to introduce new and complementary products into its offerings portfolio, and expects to spend substantial sums of money on research and development of such possible new products. Specifically, the Company has made considerable investments in research and development of the RAMDisk product line. We will also continue to invest in new software and hardware products, services, and technologies. Investments in new technology are speculative. Commercial success depends on many factors, including innovativeness, developer support, and effective distribution and marketing. If customers do not perceive our latest offerings as providing significant new functionality or other value, they may reduce their purchases of our products, unfavorably impacting revenue. There can be no assurance that these research and development expenditures will result in the identification or exploitation of any products that can be profitably sold by the Company.

We may be adversely affected by exchange rate fluctuations.

A portion of our accounts receivable and a portion of our expenses are denominated in foreign currencies. These proportions change over time. As a result, the Company's revenues and expenses may be adversely affected, from time to time, by changes in the relationship of the dollar to various foreign currencies on foreign exchange markets. Currently, the Company does not hedge its foreign currency risks, but could do so in the future.

We may incur intangible asset and goodwill impairment charges which could harm our profitability.

We periodically review the carrying values of our intangible assets and goodwill to determine whether such carrying values exceed the fair market value. Our goodwill is subject to an annual review for goodwill impairment. If impairment testing indicates that the carrying value exceeds its fair value, the intangible assets or goodwill is deemed impaired.

The market price for our Common Stock has experienced significant price and volume volatility and may continue to experience significant volatility in the future.

Our stock has experienced significant price and volume volatility for the past several years, and is likely to experience significant volatility in the future, which could result in investors losing all or part of their investments. We believe that such fluctuations will continue as a result of many factors, including financing plans, future announcements concerning us, our competitors or our principal customers regarding financial results or expectations, technological innovations, industry supply and demand dynamics, new product introductions, governmental regulations, the commencement or results of litigation or changes in earnings estimates by analysts, as well as a result of numerous factors outside our control. Significant declines in our stock price may interfere with our ability to raise additional funds through equity financing or to finance strategic transactions with our stock. A significant adverse change in the market value of our Common Stock could also trigger an interim goodwill impairment test that may result in a non-cash impairment charge. In addition, we have historically used equity incentive compensation as part of our overall compensation arrangements. The effectiveness of equity incentive compensation in retaining key employees may be adversely impacted by volatility in our stock price.

Our stock has limited liquidity.

Although our stock is publicly traded, it has been observed that this market is “thin.” As a result, the common stock may trade at a discount to what would be its value if the stock enjoyed greater liquidity.

We do not intend to pay dividends in the foreseeable future.

We have rarely declared or paid any dividends on our Common Stock. We anticipate that we will retain any future earnings to support operations and to finance the development of our business and do not expect to pay cash dividends in the foreseeable future. As a result, the success of an investment in our common stock will depend entirely upon any future appreciation in its value. There is no guarantee that our Common Stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

We are subject to the New Jersey Shareholders Protection Act.

This statute has the effect of prohibiting any "business combination" - a very broadly defined term - with any "interested shareholder" unless the transaction is approved by the Board of Directors at a time before the interested shareholder had acquired a 10% ownership interest. This prohibition of "business combinations" is for five years after the shareholder became an "interested shareholder" and continues after that time period subject to certain exceptions. A practical consequence of this statute is that a hostile acquisition of our Company is unlikely to occur and hostile transactions which might be of benefit to our shareholders are unlikely to occur.

We are a party to a number of litigations that could cause us to incur substantial cost to pay substantial damages.

Effective as of the close of business on December 17, 2014, we terminated our agreement with MPP Associates, Inc., pursuant to which Marc P. Palker had been providing CFO services to us. On April 8, 2015, MPP Associates, Inc. and Mr. Palker filed a complaint, styled MPP Associates, Inc. and Marc Palker v. Dataram Corporation, Jon Isaac, David Moylan, Michael Markulec and Richard Butler, in the Superior Court of the State of New Jersey, Essex County, Docket No. ESX-L-002413-15. MPP Associates, Inc. asserts claims for breach of contract against Dataram for breach of contract and breach of the covenant of good faith and fair dealing. Mr. Palker asserts a claim against Dataram for breach of contract, alleging that he is a third party beneficiary of the agreement between MPP Associates, Inc. and Dataram. Mr. Palker also asserts a claim against Dataram and Messrs. Isaac, Moylan, Markulec and Butler for violation of the New Jersey Conscientious Employee Protection Act (“CEPA”), alleging that he was an “employee” of Dataram under the law and that his employment was terminated in retaliation for making lawfully protected objections concerning certain conduct. Plaintiffs do not demand a specific amount of damages, but instead seek legal damages, compensatory damages, lost earnings and benefits, punitive damages, attorney’s fees with enhancement, costs of suit, and pre-judgment and post-judgment interest. We believe that the allegations are fully without merit and will defend ourselves vigorously in this action.

Effective as of the close of business on January 22, 2015, the company terminated the employment agreement with John H. Freeman, our former Chief Executive Officer. On April 9, 2015, styled John Freeman v. Dataram Corporation, David A. Moylan, Jon Isaac, and John Does 1-5, in the Superior Court of the State of New Jersey, Essex County, Docket No. ESX-L-002471-15. Mr. Freeman asserts claims for breach of contract against Dataram for breach of his employment agreement and breach of a promissory note. Mr. Freeman asserts claims against the company and Messrs. Moylan and Isaac for defamation per se and defamation. Mr. Freeman similarly asserts a claim for defamation against the John Doe defendants. Mr. Freeman does not demand a specific amount of damages, but instead seeks compensatory damages, punitive damages, attorney's fees, costs of suit, and pre-judgment interest. We believe that the allegations are fully without merit and will defend ourselves vigorously in this action.

Similarly, on April 10, 2015, the company filed an action against Mr. Freeman, Mr. Palker and MPP Associates, Inc., styled as Dataram Corporation v. John Freeman, Marc Palker and MPP Associates, Inc., in the Superior Court of the State of New Jersey, Mercer County, Docket No. ESX-L-000886-15. The company asserts claims against Mr. Freeman for breach of the duty of loyalty and misappropriation of corporate property/conversion, claims against Messrs. Freeman and Palker for breach of fiduciary duty, and claims against Messrs. Freeman and Palker and MPP Associates, Inc. for fraud. The company seeks at least \$110,640.52 against Mr. Freeman and legal damages, compensatory, consequential, and punitive damages, attorney's fees, costs of suit, and interest against all defendants. Mr. Freeman filed a counterclaim in this action that mirrors his claim in the action described above.

On June 26, 2015, Alethea Douglas, a former employee, filed a complaint against the Company with the U.S. Equal Employment Opportunity Commission, alleging a claim for age discrimination in connection with the termination of her employment effective May 20, 2015. We believe that the allegations are fully without merit and will defend ourselves vigorously in this action.

Government regulations may have a negative effect on our business.

Government regulators, or our customers, may in the future require us to comply with product or manufacturing standards that are more restrictive than current laws and regulations related to environmental matters, conflict minerals or other social responsibility initiatives. The implementation of these standards could affect the sourcing, cost and availability of materials used in the manufacture of our products. For example, there may be only a limited number of suppliers offering "conflict free" metals used in our products, and there can be no assurance that we will be able to obtain such metals in sufficient quantities or at competitive prices. Also, we may face challenges with regulators and our customers and suppliers if we are unable to sufficiently verify that the metals used in our products are conflict free. Non-compliance with these standards could cause us to lose sales to these customers and compliance with these standards could increase our costs, which may harm our operating results.

We may suffer a breach of our computer security measures, which could harm our business.

If our security measures are breached and unauthorized access is obtained to our information technology systems, we may lose proprietary data or suffer damage to our business. Our security measures may be breached as a result of third-party action, including computer hackers, employee error, malfeasance or otherwise, and result in unauthorized access to our customers' data or our data, including our intellectual property and other confidential business information, or our information technology systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently, we may be unable to anticipate these techniques or to implement adequate preventative measures. We believe we have obtained adequate available insurance to address the business which can be insured against with respect to our business. However, any security breach could result in disclosure of our trade secrets or confidential customer, supplier or employee data, or harm our ability to carry on our business, all of which could result in legal liability, harm to our reputation and otherwise harm our business.

Item 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

Item 2. PROPERTIES

The Company occupies 2,865 square feet of space for administrative, sales, research and development and manufacturing support in Princeton, New Jersey under a lease expiring on April 30, 2020.

The Company leases 17,500 square feet of assembly plant and office space in Montgomery County, Pennsylvania. The lease expires on March 31, 2016.

Rent expense amounted to approximately \$432,000 and \$629,000 for the fiscal years ended April 30, 2015 and 2014, respectively. Fiscal year ended April 30, 2014 rent expense includes a \$225,000 provision to settle a suit against the Company.

Item 3. LEGAL PROCEEDINGS

Effective as of the close of business on December 17, 2014, we terminated our agreement with MPP Associates, Inc., pursuant to which Marc P. Palker had been providing CFO services to us. On April 8, 2015, MPP Associates, Inc. and Mr. Palker filed a complaint, styled MPP Associates, Inc. and Marc Palker v. Dataram Corporation, Jon Isaac, David Moylan, Michael Markulec and Richard Butler, in the Superior Court of the State of New Jersey, Essex County, Docket No. ESX-L-002413-15. MPP Associates, Inc. asserts claims for breach of contract against Dataram for breach of contract and breach of the covenant of good faith and fair dealing. Mr. Palker asserts a claim against Dataram for breach of contract, alleging that he is a third party beneficiary of the agreement between MPP Associates, Inc. and Dataram. Mr. Palker also asserts a claim against Dataram and Messrs. Isaac, Moylan, Markulec and Butler for violation of the New Jersey Conscientious Employee Protection Act ("CEPA"), alleging that he was an "employee" of Dataram under the law and that his employment was terminated in retaliation for making lawfully protected objections concerning certain conduct. Plaintiffs do not demand a specific amount of damages, but instead seek legal damages, compensatory damages, lost earnings and benefits, punitive damages, attorney's fees with enhancement, costs of suit, and pre-judgment and post-judgment interest. We believe that the allegations are fully without merit and will defend ourselves vigorously in this action.

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Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Information

The Common Stock of the Company is traded on the NASDAQ Stock Market under the symbol "DRAM". As of July 15, 2015 there were approximately 2,000 shareholders of record, which does not include approximately 300 beneficial owners of shares held in the names of brokers or other nominees. The following table sets forth, for the periods indicated, the high and low intraday prices per share of our common stock as reported by the NASDAQ Stock Market.

	2015		2014	
	High	Low	High	Low
First Quarter	\$ 3.05	\$ 2.44	\$ 6.19	\$ 2.05
Second Quarter	3.56	2.16	3.40	2.22
Third Quarter	2.66	1.48	3.73	2.16
Fourth Quarter	3.29	2.10	5.43	2.41

All prices have been adjusted to reflect the reverse 1-for-6 stock split which was effective March 15, 2013. The Company does not intend to pay dividends in the near future.

Dividends

We do not anticipate paying dividends in the foreseeable future as the board of directors intends to retain future earnings for use in our business. Any future determination as of the payment of dividends will depend upon our financial conditions, results of operations and such other factors as the Board of Directors seems relevant. In addition, our financing agreement contains covenants limiting the declaration and distribution of a dividend.

Issuer Purchases of Equity Securities - NONE

Item 6. SELECTED FINANCIAL DATA

(Not covered by Independent Registered Public Accounting Firm's Reports)
(In thousands, except per share amounts)

The following selected financial data should be read in conjunction with item 7, "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" and our financial statements and the related notes appearing in item 8, "FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA" of this form 10-K

Years Ended April 30,	2015	2014
Revenues	\$ 28,258	\$ 30,399
Basic loss per share	(2.20)	(1.30)
Diluted loss per share	(2.20)	(1.30)
Current assets	4,656	6,219
Total assets	6,275	7,572
Current liabilities	3,979	5,337
Total stockholders' equity	2,117	1,985
Cash dividends paid	—	—

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other parts of this Form 10-K contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Form 10-K under the heading "Risk Factors," which are incorporated herein by reference. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in Part II, Item 8 of this Form 10-K. All information presented herein is based on the Company's fiscal calendar. Unless otherwise stated, references to particular years or quarters refer to the Company's fiscal years ended in April and the associated quarters of those fiscal years. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Overview

Since 1967, Dataram Corporation (“Dataram” or the “Company”) has been a leading independent manufacturer of memory products and provider of performance solutions. The Company provides customized memory solutions for original equipment manufacturers (OEMs) and compatible memory for leading brands including Cisco, Dell, Fujitsu, HP, IBM, Lenovo and Oracle as well as a line of memory products for Intel and AMD motherboard based servers. Dataram manufactures its memory in-house to meet three key criteria - quality, compatibility, and selection - and tests its memory for performance and original equipment manufacturer (OEM) compatibility as part of the production process. With memory designed for over 50,000 systems and with products that range from energy-efficient DDR4 modules to legacy SDR offerings, Dataram offers one of the most complete portfolios in the industry. Backed by in-depth quality test programs, nearly fifty years of manufacturing expertise, and a limited lifetime warranty, Dataram memory products are built to last. The company is a CMTL Premier Participant and ISO 9001 (2008 Certified). Its products are fully compliant with JEDEC Specifications.

Dataram’s customers include an international network of distributors, resellers, retailers, OEM customers and end users.

Dataram competes with several other large independent memory manufacturers and the OEMs noted above. The primary raw material used in producing memory boards is dynamic random access memory (DRAM) chips. The purchase cost of DRAMs is the largest single component of the total cost of a finished memory board. Consequently, average selling prices for computer memory boards are significantly dependent on the pricing and availability of DRAM chips.

Results of Operations

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

<u>Years Ended April 30,</u>	<u>2015</u>	<u>2014</u>
Revenues	100.0%	100.0%
Cost of sales	<u>85.2</u>	<u>80.1</u>
Gross profit	14.8	19.9
Engineering	2.7	3.9
Impairment of goodwill	0.0	0.0
Selling, general and administrative	<u>21.8</u>	<u>23.6</u>
Loss from operations	(9.7)	(7.6)
Other income (expense), net	<u>(3.8)</u>	<u>(1.0)</u>
Loss before income tax expense	(13.5)	(8.6)
Income tax expense	<u>0.0</u>	<u>0.0</u>
Net loss	<u>(13.5)%</u>	<u>(8.6)%</u>

Fiscal 2015 Compared With Fiscal 2014

Revenues for the fiscal year ended April 30, 2015 were \$28,258,000 compared to \$30,399,000 in the fiscal year ended April 30, 2014, a 7% decrease. Average selling prices decreased approximately 6% from the prior year periods, attributable to a decline in the price of DRAM chips, the primary raw material used in the Company's products.

Revenues for the fiscal years ended April 30, 2015 and 2014 by geographic region were:

	Year ended April 30, 2015	Year ended April 30, 2014
United States	\$ 23,285,000	\$ 24,917,000
Europe	3,785,000	3,431,000
Other (principally Asia Pacific Region)	1,188,000	2,051,000
Consolidated	<u>\$ 28,258,000</u>	<u>\$ 30,399,000</u>

The Company expects that the entire backlog on hand will be filled during the fiscal year ending April 30, 2016 and mostly in the first quarter. The Company's backlog at April 30, 2015 was \$98,000. At April 30, 2014, the Company's backlog was \$216,000.

Cost of sales was \$24,068,000 in the fiscal year ended April 30, 2015 or 85.2% of revenues compared to \$24,353,000 or 80.1% of revenues in the fiscal year ended April 30, 2014. Fluctuations in cost of sales as a percentage of revenues are not unusual and can result from many factors, some of which are a rapid change in the price of DRAMs, or a change in product mix possibly resulting from a large order or series of orders for a particular product or a change in customer mix.

Engineering expense in the fiscal year ended April 30, 2015 was approximately \$768,000 versus approximately \$1,186,000 in the fiscal year ended April 30, 2014. The Company has capitalized approximately \$365,000 of cost related to the maintenance and development of our RAMDisk product in the fiscal year ended April 30, 2015.

Selling, general and administrative expenses were \$6,171,000 in the fiscal year ended April 30, 2015 versus \$7,181,000 in the fiscal year ended April 30, 2014. The overall reduction in expense was primarily the result of a reduction of employees and related benefit expenses. Stock-based compensation expense was recorded as a component of selling, general and administrative expense and totaled approximately \$14,000 in the fiscal year ended April 30, 2015, versus \$43,000 in the fiscal year ended April 30, 2014. Intangible asset amortization is recorded as a component of selling, general and administrative expense and totaled approximately \$133,000 in the fiscal year ended April 30, 2014 and nil in the fiscal year ended April 30, 2015. The Company also recorded a provision for lease settlement of \$225,000 in the fiscal year ended April 30, 2014.

Other income (expense) for the fiscal year ended April 30, 2015 totaled approximately \$1,077,000 of expense versus \$288,000 of expense in fiscal 2014. Other income (expense) for the fiscal year ended April 30, 2015 includes \$1,001,000 of interest expense and \$76,000 of foreign currency transaction losses, primarily as a result of the US dollar strengthening against the EURO. The interest expense recorded in fiscal year ended April 30, 2015 includes a non cash interest charge of approximately \$750,000 recorded for the amortization of debt discount as a result of the issuance of the subordinated convertible notes and interest expense of approximately \$251,000 on the Company's revolving bank credit line. Other income (expense) for the fiscal year ended April 30, 2014 includes \$306,000 of interest expense and \$18,000 of foreign currency transaction gains, primarily as a result of the US dollar weakening against the EURO.

The Company's consolidated statements of operations for the fiscal year ended April 30, 2015 included tax expense of approximately \$3,000 that consists of state minimum tax payments. For the fiscal year ended April 30, 2015, the Company had Federal and State net operating loss ("NOL") carry-forwards of approximately \$29,900,000 and \$29,400,000, respectively. These can be used to offset future taxable income and expire between 2023 and 2035 for Federal tax purposes and 2016 and 2035 for state tax purposes. The Company's NOL carry-forwards are a component of its deferred income tax assets which are reported net of a full valuation allowance in the Company's consolidated financial statements for the fiscal years ended April 30, 2015 and 2014.

Liquidity and Capital Resources

The Company's financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America and have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. For the fiscal years ended April 30, 2015 and 2014, the Company incurred losses in the amounts of approximately \$3,829,000 and \$2,609,000, respectively.

Our continuation as a going concern is dependent upon obtaining the additional working capital necessary to sustain our operations. We may raise additional working capital by obtaining financing, raising capital through the sales of equity and or debt securities and upon future profitable operations. We may also seek to reduce our expenses. There is no assurance that our current operations will be profitable or that we will raise sufficient funds to continue operating. The Company continues to seek out opportunities to reduce overhead expenses to meet revenues. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the classification of liabilities that might be necessary in the event we cannot continue in operations.

As of April 30, 2015, we had cash and cash equivalents totaling \$327,000. During the year then ended, we had a net loss of \$3,829,000 and used cash in operating activities of \$2,581,000. We believe our existing capital resources should be sufficient to fund the activities contemplated by our current operating plan into the second quarter of fiscal 2016. We intend to seek external funding prior to that time, however, most likely through bank debt and the issuance and sale of securities. We cannot predict with any certainty when we will need additional funds or how much we will need or if additional funds will be available to us. Our need for future funding will depend on numerous factors, many of which are outside our control.

On November 12, 2014, the Company completed a private placement of 600,000 shares of its Series A Preferred Stock ("Series A Stock") together with Warrants to purchase shares of its common stock ("Preferred Warrant") at a price of \$5.00 per share, in accordance with the Series A Preferred Stock Purchase Agreement dated October 20, 2014 (the "Purchase Agreement"). The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant, after deducting the estimated offering expenses incurred by the Company were approximately \$2,700,000. At any time from November 17, 2014, the date of Closing, and prior to October 20, 2019 (the "Put/Call Exercise Period"), and the investors may exercise a right to purchase and require the Company to sell up to an additional 700,000 shares of Series A Stock. If the investors have not exercised this right during the Put/Call Exercise Period, the Company may exercise a right to cause and require the investors to purchase up to an additional 700,000 shares of Series A Stock, for an aggregate purchase price of \$3,500,000.

On February 2, 2015, the Company completed a private placement of 26,600 shares of its Series A Stock ("Series together with Preferred Warrants to purchase an additional 66,500 shares at an exercise of its common stock at a price of \$2.5 per share, in accordance with the Purchase Agreement. The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant were approximately \$133,000. As of April 30, 2015 the Company has remaining 673,400 Series A shares available.

Net cash used in operating activities totaled approximately \$2,581,000 for the fiscal year ended April 30, 2015. Net loss totaled approximately \$3,829,000 and included stock-based compensation expense of approximately \$14,000, depreciation and amortization expense of approximately \$127,000 and bad debt expense of approximately \$50,000. Amortization of debt discount of approximately \$750,000 was recorded. Inventories decreased by approximately \$202,000. The decrease in inventories was a management decision to reduce inventory levels and conserve working capital. Accounts payable increased by approximately \$559,000. Accrued liabilities decreased by approximately \$645,000. Trade receivables decreased by approximately \$1,442,000.

Net cash used in investing activities totaled approximately \$394,000, primarily the result of capitalizing software development costs. On May 1, 2014, the Company determined that technological feasibility for Intelligent Caching Software product was established, and development costs subsequent to that date totaling approximately \$365,000 have been capitalized. In December 2014, the Company suspended development of the software product. Prior to May 1, 2014, the Company expensed all development costs related to this product line. The Company also purchased \$29,000 of property and equipment.

Net cash provided by financing activities totaled approximately \$3,044,000 and consisted of proceeds of \$750,000 from the Subordinated Secured Convertible Bridge Note and Warrant Purchase Agreement. The Company also recorded net proceeds of approximately \$2,832,000 from the private placement of 626,600 shares of its Series A Stock together with Warrants to purchase shares of its Common Stock. Additionally, the Company sold 183,000 shares of common stock and warrants to purchase shares of common stock for proceeds of approximately \$365,000. The Company also paid down approximately \$861,000 of its bank revolving credit line.

The Company amended and restated its Note and Security Agreement with David Sheerr a former executive officer of the Company, as of October 31, 2013; the Company sold certain equipment and furniture for a purchase price of \$500,000 under a sale leaseback transaction to Mr. Sheerr. The Company used the proceeds of the purchase price received from Mr. Sheerr to reduce the remaining principal amount of the original loan by an amount equal to \$500,000. The principal amount was reduced to approximately \$966,667 at October 31, 2013. was obligated to pay monthly, interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal is payable in 29 equal monthly installments of \$33,333, beginning on November 15, 2013 and subsequently on the 15th day of each month thereafter, until paid in full. On April 30, 2014 the note was paid in full. Interest expense recorded for the Note in the fiscal year ended April 30, 2014 was approximately \$122,000.

As of October 31, 2013, the Company also entered into an agreement with Mr. Sheerr to leaseback the aforementioned equipment and furniture that was sold to Mr. Sheerr on October 31, 2013. The lease is for a term of 60 months and the Company is obligated to pay approximately \$7,500 per month for the term of the lease. The Company has an option to extend the lease for an additional two year period. The transactions described have been accounted for as a sale-leaseback transaction. Accordingly, the Company recognized a gain on the sale of assets of approximately \$139,000, which is the amount of the gain on sale in excess of present value of the future lease payments and will recognize the remaining approximately \$322,000 in proportion to the related gross rental charged to expense over the term of the lease, 60 months. The current portion of \$72,000 deferred gain is reflected in accrued liabilities and the long term portion of \$250,000 is reflected in other liabilities long term in the consolidated balance sheet as of April 30, 2014. The current portion of \$72,000 deferred gain is reflected in accrued liabilities and the long term portion of \$179,000 is reflected in other liabilities long term in the consolidated balance sheet as of April 30, 2015.

On November 6, 2013, the Company entered into a new financing agreement (the "Financing Agreement") with Rosenthal & Rosenthal, Inc. to replace the existing loan agreement. 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 Agreement 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 financial and 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. On April 29, 2014, the Company entered into an amendment (the "Amendment") to the Financing Agreement. The Amendment provides for advances against inventory balances based on prescribed formulas of raw materials and finished goods. The maximum borrowing capacity remains at \$3,500,000. Borrowings at April 30, 2015 totaled approximately \$2,109,000 and there was no additional availability on that date.

On September 18, 2013, the Company and certain investors entered into a securities purchase agreement (the "Purchase Agreement") in connection with the offering, pursuant to which the Company agreed to sell an aggregate of 350,931 shares of its common stock and warrants to purchase a total of 350,931 shares of its common stock to such investors for aggregate net proceeds, after deducting fees to the Placement Agent and other estimated offering expenses payable by the Company, of approximately \$807,000. The common stock and warrants were sold in fixed combinations, with each combination consisting of one share of common stock and one warrant, with each warrant exercisable for one share of common stock. The purchase price was \$2.30 per fixed combination. On September 23, 2013, the offering of 350,000 shares and warrants was closed with net proceeds to the Company of approximately \$695,491 after accounting for all expenses of the offering. The exercisability of the warrants may be limited if, upon exercise, the holder or any of its affiliates would beneficially own more than 4.99% of the Common Stock. After the one year anniversary of the initial exercise date of the warrants, the Company had the right to call the warrants for cancellation for \$.001 per share in the event that the volume weighted average price of the Common Stock for 20 consecutive trading days exceeds \$10.00.

On March 20, 2014, the Company and certain investors entered into a common stock purchase agreement (the "Purchase Agreement") in connection with the offering, pursuant to which the Company agreed to sell an aggregate of 219,754 shares of its common stock to such investors for aggregate proceeds, after deducting fees to the Placement Agent and other estimated offering expenses payable by the Company, of approximately \$559,000. The purchase price was \$3.00 per share.

On March 20, 2014, holders of warrants issued in connection with the sale of common stock on September 18, 2013, exercised 86,100 of those warrants at the exercise price of \$3.50 per share resulting in net proceeds of approximately \$306,350. The exercise of these warrants resulted in the issuance of 86,100 shares of the Company's common stock.

The pricing model the Company used for determining fair values of the warrants is the Black-Scholes Pricing Model. The model uses market-sourced inputs such as interest rates, dividend yields, market prices and volatilities. The risk-free interest rate used of 1.26% is based on the rate of U.S Treasury zero-coupon issues with a remaining term equal to the expected life of the Warrants. Expected dividend yield assumes the current dividend rate of zero. Expected volatility of approximately 100% was calculated using the daily closing price over a five year period of the Company's Common Stock.

The value of the warrants was derived and used as a basis to allocate the proceeds received between the warrants and bridge notes. The proportionate value ascribed to the warrants amounted to approximately \$562,000 and was reflected as a discount on notes payable. Further the Company estimated a value of beneficial conversion feature of approximately \$188,000 (limited to the amount of proceeds allocated to the notes payable) and reflected such as an additional discount on the bridge notes. The discount on notes payable is being amortized using the straight line amortization over ninety days. This resulted in a non-cash interest charge of approximately \$617,000 in the quarter ended October 31, 2014 and approximately \$133,000 in this year's fiscal first quarter ended July 31, 2014.

On July 15, 2014, the Company entered into the Purchase Agreement governing the issuance of \$750,000 aggregate principal amount of Bridge Notes and Bridge Warrants. The Bridge Notes and Bridge Warrants were issued on July 15, 2014. The Company issued \$600,000 aggregate principal amount of the Bridge Notes to certain Institutional investors and \$150,000 aggregate principal amount of the Bridge Notes to certain members of Management. The Bridge Notes, the initial maturity date of which was October 15, 2014 (which was subject to a three-month extension at the option of the holders that occurred; see below), are convertible into shares of the Company's common stock. The initial conversion price for Institutional Investors is \$2.50 per share (which was subsequently reduced; see below), and the initial conversion price for Management is equal to the closing price of the Company's common stock on the closing date of the Purchase Agreement, \$2.94. The Bridge Notes are secured obligations of the Company and bear interest at a rate of 8% per year. The Bridge Warrants are exercisable for five years after the closing date of the Purchase Agreement, or July 15, 2019. For each \$1,000 of principal amount of Bridge Notes, the holder received 1,200 Bridge Warrants, each exercisable for the purchase of one share of the Company's common stock. Each holder is entitled to exercise one-third of all Bridge Warrants received at an exercise price of \$3.00, one-third of all Bridge Warrants received at an exercise price of \$3.50, and one-third of all Bridge Warrants received at an exercise price that is equal to the closing price on the closing date of the Purchase Agreement, \$2.94. Pursuant to the terms of the Purchase Agreement, the Company has agreed to register for re-sale the shares underlying the Bridge Notes and the Bridge Warrants.

On October 15, 2014, the original maturity date of the Bridge Notes, the maturity date of the Bridge Notes was extended to January 15, 2015 for all holders of the Bridge Notes. On November 17, 2014 the Company closed the sale of 600,000 shares of its Series A Stock, which resulted in the reduction of the conversion price of the Bridge Notes held by the institutional investors to \$2.00 from \$2.50 to equal the conversion price of the Series A Preferred Stock (see below). In addition, two additional 90-day extensions were provided to the institutional investors, which could extend the final maturity date to July 15, 2015. The extensions expired on January 15, 2015 and at the quarter ended January 31, 2015 the Bridge Notes were in default. The Company paid off approximately \$42,500 of the notes and received extensions from all Bridge note holders except for one holder of an \$80,000 Bridge Note, which extend the maturity date to January 15, 2016 from the Bridge Note holders prior to this filing. The Company continues to accrue interest on the Bridges Notes. In the event the Bridge Notes are converted to equity, their incremental fair value will be recognized in the consolidated statement of operations. The Company has also advised Rosenthal and Rosenthal, Inc. of the default on the Bridge Notes which is a default under our finance agreement.

On February 2, 2015, the Company completed a private placement of 26,600 shares of its Series A Stock ("Series together with Preferred Warrants to purchase and additional 66,500 shares at an exercise of its common stock at a price of \$2.5 per share, in accordance with the Purchase Agreement. The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant were approximately \$133,000. As of April 30, 2015 the Company has remaining 673,400 Series A shares available.

On February 2, 2015, the Company issued and sold an aggregate of 183,000 restricted shares of its common stock at a price of \$2.00 per share and five-year warrants to purchase an additional 316,000 shares with an exercise price of \$2.50 per share, of which 50,000 shares were purchased by David A Moylan, the Company's CEO. The net proceeds to the Company from the sale of the restricted common stock and warrants (exclusive of any exercise thereof) were approximately \$365,000.

At April 30, 2015 the Company had 3,358,275 warrants outstanding with exercise prices between \$13.56 and \$2.00.

Contractual Obligations

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2015 are as follows:

	<u>Non-Related Party</u>	<u>Related Party</u>	<u>Total</u>
Year ending April 30:			
2016	169,000	90,000	259,000
2017	82,000	90,000	172,000
2018	84,000	90,000	174,000
2019	85,000	45,000	130,000
2020	86,000	—	86,000
Thereafter			
Total	<u>\$ 506,000</u>	<u>\$ 315,000</u>	<u>\$ 821,000</u>

Purchases

At April 30, 2015, the Company had open purchase orders outstanding totaling \$83,000, primarily for inventory items to be delivered in the first three months of the fiscal year ending April 30, 2016. These purchase orders are cancelable.

Off-Balance Sheet Arrangements

We do not have, and do not have any present plans to implement, any off-balance sheet arrangements.

Recent Accounting Guidance Not Yet Adopted

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. The purpose of this new standard is to clarify the principles for recognizing revenue so that can be applied consistently across various transactions, industries and capital markets. We have not completed our assessment of ASU No. 2014-09.

Critical Accounting Policies

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

Revenue Recognition - Revenue is recognized when title passes upon shipment of goods to customers. The Company’s revenue earning activities involve delivering or producing goods. The following criteria are met before revenue is recognized: persuasive evidence of an arrangement exists, shipment has occurred, selling price is fixed or determinable and collection is reasonably assured. The Company does experience a minimal level of sales returns and allowances for which the Company accrues a reserve at the time of sale in accordance with the Revenue Recognition – Right of Return Topic of the FASB ASC. Estimated warranty costs are accrued by management upon product shipment based on an estimate of future warranty claims.

Research and Development - Research and development costs are expensed as incurred, including Company-sponsored research and development and costs of patents and other intellectual property that have no alternative future use when acquired and in which we had an uncertainty in receiving future economic benefits. Development costs of a computer software product to be sold, leased, or otherwise marketed are subject to capitalization beginning when a product’s technological feasibility has been established and ending when a product is available for general release to customers. Technological feasibility of a computer software product is established when all planning, designing, coding and testing activities that are necessary to establish that the product can be produced to meet its design specifications (including functions, features and technical performance requirements) are completed.

Income Taxes - The Company utilizes the asset and liability method of accounting for income taxes in accordance with the provisions of the Expenses – Income Taxes Topic of the FASB ASC. Under the asset and liability method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The Company considers certain tax planning strategies in its assessment as to the recoverability of its tax assets. Deferred income tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the tax rate changes. The Company recognizes, in its consolidated financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on technical merits of the position. There are no material unrecognized tax positions in the financial statements.

Goodwill – The carrying value of goodwill is not amortized, but is tested annually as of March 31 as well as whenever events or changes in circumstances indicate that the carrying amount may not be recoverable using a two-step process. As of April 30, 2015, management has concluded that no impairment of goodwill is required.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including deferred income tax asset valuation allowances and certain other reserves and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Some of the more significant estimates made by management include the allowance for doubtful accounts and sales returns, the deferred income tax asset valuation allowance and other operating allowances and accruals. Actual results could differ from those estimates.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company does not invest in market risk sensitive instruments. At times, the Company's cash equivalents consist of overnight deposits with banks and money market accounts.

The Company purchases and sells primarily in U.S. dollars. The Company sells in foreign currency (primarily Euros) to a limited number of customers and as such incurs some foreign currency risk. At any given time, approximately 5 to 25 percent of the Company's accounts receivable are denominated in currencies other than U.S. dollars. At present, the Company does not purchase forward contracts as hedging instruments, but could do so as circumstances warrant.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements and Schedule

Page

Consolidated Financial Statements:

Report of Independent Registered Public Accounting Firm – Anton & Chia, LLP	37
Consolidated Balance Sheets as of April 30, 2015 and 2014	38
Consolidated Statements of Operations – Years ended April 30, 2015 and 2014	39
Consolidated Statements of Cash Flows - Years ended April 30, 2015 and 2014	40
Consolidated Statements of Stockholders' Equity - Years ended April 30, 2015 and 2014	41
Notes to Consolidated Financial Statements - Years ended April 30, 2015 and 2014	42

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders' of
Dataram Corporation

We have audited the accompanying consolidated balance sheet of Dataram Corporation and Subsidiaries (the "Company") as of April 30, 2015, and the related consolidated statement of operations, changes in stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that we considered appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dataram Corporation and Subsidiaries as of April 30, 2015 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, these conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

/s/ Anton & Chia, LLP

Newport Beach, California
August 7, 2015

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
April 30, 2015 and 2014
(In thousands, except share and per share amounts)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 327	\$ 258
Accounts receivable, less allowance for doubtful accounts and sales returns of \$140 at April 30, 2015 and \$220 at April 30, 2014	2,171	3,663
Inventories:		
Raw materials	911	1,576
Work in process	2	64
Finished goods	1,176	651
	<u>2,089</u>	<u>2,291</u>
Other current assets	69	7
Total current assets	<u>4,656</u>	<u>6,219</u>
Property and equipment:		
Machinery and equipment	479	451
Leasehold improvements	609	608
	<u>1,088</u>	<u>1,059</u>
Less accumulated depreciation and amortization	967	840
Net property and equipment	<u>121</u>	<u>219</u>
Other assets	50	51
Capitalized software development cost	365	—
Goodwill	1,083	1,083
	<u>1,083</u>	<u>1,083</u>
Total Assets	<u>\$ 6,275</u>	<u>\$ 7,572</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Note payable-revolving credit line	\$ 2,109	\$ 2,970
Accounts payable	880	1,438
Accrued liabilities	282	929
Convertible notes payable, net of discount	600	—
Convertible notes payable related parties, net of discount	108	—
Total current liabilities	<u>3,979</u>	<u>5,337</u>
Other liabilities – related party	179	250
Total liabilities	<u>4,158</u>	<u>5,587</u>
Commitments and contingencies		
Stockholder's equity:		
Preferred Stock, par value \$.01 per share. Authorized 1,300,000 share and 626,600 shares outstanding at April 30, 2015	1,857	—
Common stock, par value \$1.00 per share. Authorized 54,000,000 shares and 2,776,012 issued and outstanding at April 30, 2015 and 2,410,512 issued and outstanding on April 30, 2014	2,776	2,411
Additional paid-in capital	21,864	20,236
Accumulated deficit	(24,491)	(20,662)
Shares to be issued	111	—
Total stockholders' equity	<u>2,117</u>	<u>1,985</u>
	<u>\$ 6,275</u>	<u>\$ 7,572</u>

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended April 30, 2015 and 2014
(In thousands, except per share amounts)

	<u>2015</u>	<u>2014</u>
Revenues	\$ 28,258	\$ 30,399
Costs and expenses:		
Cost of sales	24,068	24,353
Engineering	768	1,186
Selling, general and administrative	6,171	7,181
	<u>31,007</u>	<u>32,720</u>
Loss from operations	<u>(2,749)</u>	<u>(2,321)</u>
Other income (expense):		
Interest income	—	—
Interest expense	(1,001)	(306)
Currency gain (loss)	(76)	18
	<u>(1,077)</u>	<u>(288)</u>
Loss before income tax expense	(3,826)	(2,609)
Income tax expense	<u>3</u>	<u>—</u>
Net loss	\$ (3,829)	\$ (2,609)
Less preferred stock dividends	1,759	
Net loss allocated to common shareholders	<u>\$ (5,588)</u>	<u>\$ (2,609)</u>
Net loss per common share:		
Basic	<u>\$ (2.20)</u>	<u>\$ (1.30)</u>
Diluted	<u>\$ (2.20)</u>	<u>\$ (1.30)</u>

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended April 30, 2015 and 2014
(In thousands)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net loss	\$ (3,829)	\$ (2,609)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	127	300
Bad debt expense	50	186
Stock-based compensation expense	14	43
Amortization of deferred gain in sale leaseback	(71)	
Gain on sale of property and equipment	—	(139)
Impairment of goodwill	—	—
Amortization of Debt discount	750	—
Changes in assets and liabilities		
Decrease (increase) in accounts and notes receivable	1,442	(689)
Decrease in inventories	202	612
Decrease (increase) in other current assets	(62)	74
Decrease in other assets	1	5
Increase (decrease) in accounts payable	(558)	491
Increase (decrease) in accrued liabilities	(647)	172
Net cash used in operating activities	<u>(2,581)</u>	<u>(1,554)</u>
Cash flows from investing activities:		
Additions to property and equipment	(29)	—
Software development costs	(365)	—
Proceeds from sale of property and equipment	—	500
Net cash provided by (used in) investing activities	<u>(394)</u>	<u>500</u>
Cash flows from financing activities:		
Net borrowings (repayments) under revolving credit line	(861)	1,094
Proceeds from issuance of notes and warrants	750	—
Repayment of convertible notes	(42)	—
Net proceeds from sales of preferred shares	2,832	—
Payment of related party note payable	—	(1,667)
Net proceeds from sale of common stock	365	1,561
Net cash provided by financing activities	<u>3,044</u>	<u>988</u>
Net (decrease) increase in cash and cash equivalents	69	(66)
Cash and cash equivalents at beginning of year	258	324
Cash and cash equivalents at end of year	<u>\$ 327</u>	<u>\$ 258</u>
Supplemental disclosure of non-cash financing activities:		
Debt discount on convertible notes payable	\$ 750	\$ —
Non-cash preferred stock dividends	<u>\$ 1,759</u>	<u>\$ —</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 251</u>	<u>\$ 324</u>
Income taxes	<u>\$ 3</u>	<u>\$ —</u>

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
Years ended April 30, 2015 and 2014
(In thousands)

	<u>Common Stock</u>	<u>APIC</u>	<u>Preferred Stock</u>	<u>Shares to be Issued</u>	<u>Retained Deficit</u>	<u>Total Equity</u>
Balance at April 30, 2013	\$ 1,755	\$ 19,288	\$ —	\$ —	\$ (18,053)	\$ 2,990
Net loss					(2,609)	(2,609)
Stock-based compensation expense		43				43
Issuance of shares and warrants under registered direct offering	656	905				1,561
Balance at April 30, 2014	<u>2,411</u>	<u>20,236</u>	<u>—</u>	<u>—</u>	<u>(20,662)</u>	<u>1,985</u>
Net loss					(3,829)	(3,829)
Stock-based compensation expense		14				14
Fair value detachable warrants		562				562
Beneficial conversion feature of convertible notes payable		188				188
Common shares issued in connection with sales of preferred stock	182	(182)				0
Common sales issued	183	183				366
Preferred shares issued		974	1,857			2,831
Non-cash preferred stock dividend		(111)		111		0
Balance at April 30, 2015	<u>\$ 2,776</u>	<u>\$ 21,864</u>	<u>\$ 1,857</u>	<u>\$ 111</u>	<u>\$ (24,491)</u>	<u>\$ 2,117</u>

See accompanying notes to consolidated financial statements

Dataram Corporation and Subsidiaries
Notes to Consolidated Financial Statements

(1) Description of Business and Significant Accounting Policies

Since 1967, Dataram Corporation (“Dataram” or the “Company”) has been a leading independent manufacturer of memory products and provider of performance solutions. The Company provides customized memory solutions for original equipment manufacturers (OEMs) and compatible memory for leading brands including Cisco, Dell, Fujitsu, HP, IBM, Lenovo and Oracle as well as a line of memory products for Intel and AMD motherboard based servers. Dataram manufactures its memory in-house to meet three key criteria - quality, compatibility, and selection - and tests its memory for performance and original equipment manufacturer (OEM) compatibility as part of the production process. With memory designed for over 50,000 systems and with products that range from energy-efficient DDR4 modules to legacy SDR offerings, Dataram offers one of the most complete portfolios in the industry. Backed by in-depth quality test programs, nearly fifty years of manufacturing expertise, and a limited lifetime warranty, Dataram memory products are built to last. The company is a CMTL Premier Participant and ISO 9001 (2008 Certified). Its products are fully compliant with JEDEC Specifications.

Dataram’s customers include an international network of distributors, resellers, retailers, OEM customers and end users.

Dataram competes with several other large independent memory manufacturers and the OEMs noted above. The primary raw material used in producing memory boards is dynamic random access memory (DRAM) chips. The purchase cost of DRAMs is the largest single component of the total cost of a finished memory board. Consequently, average selling prices for computer memory boards are significantly dependent on the pricing and availability of DRAM chips.

Liquidity and Basis of Presentation

The Company’s financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America and have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. For the fiscal years ended April 30, 2015 and 2014, the Company incurred losses in the amounts of approximately \$3,829,000 and \$2,609,000, respectively. Net cash used in operating activities totaled approximately \$2,581,000 and \$1,554,000, for the fiscal years ended April 30, 2015 and 2014, respectively.

Our continuation as a going concern is dependent upon obtaining the additional working capital necessary to sustain our operations. Our future is dependent upon our ability to obtain financing, raise capital through the sales of equity and or debt securities and upon future profitable operations. There is no assurance that our current operations will be profitable or we will raise sufficient funds to continue operating. The Company continues to seek out opportunities to trim overhead expenses to meet revenues.

If current and projected revenue growth does not meet estimates, the Company may continue to choose to raise additional capital through debt and/or equity transactions, reduce certain overhead costs through the deferral of salaries and other means, and settle liabilities through negotiation. Currently, the Company does not have any commitments or assurances for additional capital, nor can the Company provide assurance that such financing will be available to it on favorable terms, or at all. These factors raise doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event we cannot continue in existence.

Principles of Consolidation

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash and money market accounts. To the extent that the Company's cash deposits exceed FDIC insurance limits they are uninsured.

Accounts Receivable

Accounts receivable consist of the following:

	April 30, 2015	April 30, 2014
Trade receivables	\$ 2,151,000	\$ 3,758,000
VAT receivable	160,000	125,000
Allowance for doubtful accounts and sales returns	(140,000)	(220,000)
	<u>\$ 2,171,000</u>	<u>\$ 3,663,000</u>

Bad debt expense in the fiscal year ended April 30, 2015 was approximately \$50,000 compared to \$186,000 in fiscal year ended April 30, 2014. As disclosed in Note 2, the Company wrote off approximately \$162,000 note receivable Shoreline Capital Management Ltd in fiscal 2014's second quarter.

Inventories

Inventories, consisting of materials, labor and manufacturing overhead, are stated at the lower of cost or market, with cost determined by the first-in, first-out method. Management provides a reserve against inventory for known or expected inventory obsolescence. The reserve is determined by specific review of inventory items for product age and quality which may affect salability.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on the straight-line basis. Depreciation and amortization rates are based on the estimated useful lives, which range from two to five years for machinery and equipment and five to six years for leasehold improvements. When property or equipment is retired or otherwise disposed of, related costs and accumulated depreciation and amortization are removed from the accounts. Depreciation and amortization expense related to property and equipment for the fiscal years ended April 30, 2015 and 2014 totaled \$127,000 and \$167,000, respectively.

Repair and maintenance costs are charged to operations as incurred.

Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less cost to sell, and no longer depreciated. The Company considers various valuation factors, principally undiscounted cash flows, to assess the fair values of long-lived assets.

Goodwill and Intangible Assets

Goodwill:

Goodwill – The carrying value of goodwill is not amortized, but is tested annually as of March 31 as well as whenever events or changes in circumstances indicate that the carrying amount may not be recoverable using a two-step process. As of April 30, 2015, management has concluded that no impairment of goodwill is required.

The following table outlines the changes in goodwill for the year ended April 30, 2015:

	<u>2015</u>	<u>2014</u>
Opening balance May 1	\$ 1,083,000	\$ 1,083,000
Contingent purchase price	—	—
Impairment charge	—	—
Goodwill balance April 30	<u>\$ 1,083,000</u>	<u>\$ 1,083,000</u>

Intangible Assets:

Intangible assets with determinable lives, other than customer relationships, are amortized on a straight-line basis over their estimated period of benefit, ranging from four to five years. Customer relationships are amortized over a two-year period at a rate of 65% of the gross value acquired in the first year subsequent to their acquisition and 35% of the gross value acquired in the second year. The Company evaluates the recoverability of intangible assets periodically and takes into account events or circumstances that warrant revised estimates of useful lives or that indicate that impairment exists.

The Company estimates that it has no significant residual value related to its intangible assets. Intangible assets amortization expense was \$nil for fiscal year ended April 30, 2015, \$133,000 for fiscal year ended April 30, 2014. As of April 30, 2015, the components of finite-lived intangible assets acquired are as follows:

As of April 30, 2015 the components of finite-lived intangible assets acquired were as follows:

	Gross Carrying Amount	Weighted Average Life	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 758,000	2 Years	\$ 758,000	\$ 0
Trade names	733,000	5 Years	733,000	0
Non-compete agreement	68,000	4 Years	68,000	0
	<u>\$ 1,559,000</u>		<u>\$ 1,559,000</u>	<u>\$ 0</u>

Fair Value of Financial Instruments:

Fair value measurements and disclosures establish a hierarchy that prioritizes fair value measurements based on the type of inputs used for the various valuation techniques (market approach, income approach and cost approach). The levels of hierarchy are described below:

- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets, such as interest rates and yield curves that are observable at commonly-quoted intervals.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions, as there is little, if any, related market activity.

The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy.

The following table sets forth the assets and liabilities measured at fair value on a nonrecurring basis, by input level, in the consolidated balance sheets at April 30, 2015:

Balance Sheet Location	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	April 30, 2015 Total	Total Reduction in Fair value Recorded as of April 30, 2015
Assets:					
Goodwill	\$ —	\$ —	\$ 1,083,000	\$ 1,083,000	\$ —
Convertible notes payable, net of discount	\$ —	\$ 708,000	\$ —	\$ 708,000	\$ —
Preferred stock	\$ —	\$ 1,857,000	\$ —	\$ 1,857,000	\$ —

Revenue Recognition

Revenue is recognized when title passes upon shipment of goods to customers. The Company's revenue earning activities involve delivering or producing goods. The following criteria are met before revenue is recognized: persuasive evidence of an arrangement exists, shipment has occurred, selling price is fixed or determinable and collection is reasonably assured. The Company does experience a minimal level of sales returns and allowances for which the Company accrues a reserve at the time of sale. Estimated warranty costs are accrued by management upon product shipment based on an estimate of future warranty claims.

Engineering and Research and Development

Research and development costs are expensed as incurred, including Company-sponsored research and development and costs of patents and other intellectual property that have no alternative future use when acquired and in which we had an uncertainty of receiving future economic benefits. Development costs of a computer software product to be sold, leased, or otherwise marketed are subject to capitalization beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers. Technological feasibility of a computer software product is established when all planning, designing, coding and testing activities that are necessary to establish that the product can be produced to meet its design specifications (including functions, features and technical performance requirements) are completed. The Company has capitalized approximately \$365,000 of cost related to the maintenance and development of our RAMDisk product in the fiscal year ended April 30, 2015.

Advertising

Advertising is expensed as incurred and amounted to \$89,000 and \$139,000 in the fiscal years ended April 30, 2015 and 2014, respectively.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes in accordance with the provisions of the Expenses – Income Taxes Topic of the FASB ASC. Under the asset and liability method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The Company considers certain tax planning strategies in its assessment as to the recoverability of its tax assets. Deferred income tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the tax rate changes. The Company recognizes, in its consolidated financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on the technical merits of the position. There are no material unrecognized tax positions in the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents in financial institutions and brokerage accounts. To the extent that such deposits exceed the maximum insurance levels, they are uninsured. The Company performs ongoing evaluations of its customers' financial condition, as well as general economic conditions and, generally, requires no collateral from its customers. At April 30, 2015 and 2014, amounts due from one customer totaled approximately 16% and 30%, respectively, of accounts receivable.

In fiscal years ended April 30, 2015 and 2014, the Company had sales to one customer that accounted for approximately 20% and 15%, respectively, of revenues.

Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is calculated in a manner consistent with basic net income (loss) per share except that the weighted average number of common shares outstanding also includes the dilutive effect of stock options outstanding (using the treasury stock method).

The following presents a reconciliation of the numerator and denominator used in computing basic and diluted net loss per share.

	Year ended April 30, 2015		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share-net loss and weighted average common shares outstanding	\$ (5,588,000)	2,538,511	\$ (2.20)
Effect of dilutive securities-stock options	—	—	—
Diluted net loss per share-net loss, weighted average common shares outstanding and effect of stock options	<u>\$ (5,588,000)</u>	<u>2,538,511</u>	<u>\$ (2.20)</u>

	Year ended April 30, 2014		
	Loss (numerator)	Shares (denominator)	Per share amount
Basic net loss per share-net loss and weighted average common shares outstanding	\$ (2,609,000)	1,999,856	\$ (1.30)
Effect of dilutive securities-stock options	—	—	—
Diluted net loss per share -net loss weighted average common shares outstanding and effect of stock options	<u>\$ (2,609,000)</u>	<u>1,999,856</u>	<u>\$ (1.30)</u>

Diluted net loss per common share does not include the effect of options to purchase 134,079 and 272,580 shares of Common Stock for the years ended April 30, 2015 and 2014, respectively, because they are anti-dilutive. Diluted net loss per common share for the years ended April 30, 2015 and 2014 also does not include the effect of warrants to purchase 3,358,275 and 485,775 shares, respectively, because they are anti-dilutive.

Product Warranty

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

	Balance Beginning of Year	Charges to Costs and Expenses	Deductions	Balance End of Year
Year Ended April 30, 2015	\$ 69,000	\$ 11,000	\$ (70,000)	\$ 10,000
Year Ended April 30, 2014	\$ 69,000	\$ 9,000	\$ (9,000)	\$ 69,000

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including deferred tax asset valuation allowances and certain other reserves and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Some of the more significant estimates made by management include the allowance for doubtful accounts and sales returns, the deferred income tax asset valuation allowance and other operating allowances and accruals. Actual results could differ from those estimates.

Stock-Based Compensation

At April 30, 2015, the Company has stock-based employee and director compensation plans, which are described more fully in Note 6. New shares of the Company's Common Stock are issued upon exercise of stock options.

The accounting for transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments are accounted for using a fair value-based method with a recognition of an expense for compensation cost related to share-based payment arrangements, including stock options and employee stock purchase plans.

The Company's consolidated statement of operations for fiscal year ended April 30, 2015 includes \$14,000 of stock based compensation expense. Stock based compensation expense is recognized in the results of operations on a ratable basis over the vesting periods. These stock option grants have been classified as equity instruments, and as such, a corresponding increase has been reflected in additional paid-in capital in the accompanying balance sheet as of April 30, 2015. In fiscal 2014, stock-based compensation expense totaled \$43,000. A corresponding increase is reflected in additional paid-in capital for these years. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option pricing model.

A summary of option activity for the fiscal year ended April 30, 2015 is as follows:

	<u>Shares</u>	<u>Weighted average exercise price</u>	<u>Weighted average remaining contractual life</u>	<u>Aggregate intrinsic value(1)</u>
Balance April 30, 2014	264,244	\$ 12.42	4.46	\$ 6,250
Granted		\$		
Exercised				
Expired	<u>(138,498)</u>	\$ 16.00	—	—
Balance April 30, 2015	<u>125,746</u>	\$ 8.48	3.59	\$ —
Exercisable April 30, 2015	<u>125,746</u>	\$ 8.48	3.59	\$ —
Vested April 30, 2015	<u>125,746</u>	\$ 8.48	3.59	\$ —

(1) These amounts represent the difference between the exercise price and the closing price of Dataram Common Stock as of the end of the reporting period, \$2.17 on April 30, 2015 as reported on the NASDAQ Stock Markets. There are no in-the-money options outstanding at April 30, 2015.

During fiscal 2015, 12,500 options completed vesting. As of April 30, 2015, all compensation expense related to stock options was recognized. At April 30, 2015, 258,333 shares were authorized for future grant under the Company's stock option plans.

(2) Financing Agreements

The Company amended and restated its Note and Security Agreement with Mr. Sheerr as of October 31, 2013; the Company sold certain equipment and furniture for a purchase price of \$500,000 under a sale leaseback transaction to Mr. Sheerr. The Company used the proceeds of the purchase price received from Mr. Sheerr to reduce the remaining principal amount of the original loan by an amount equal to \$500,000. The principal amount was reduced to approximately \$966,667 at October 31, 2013. The Company was obligated to pay monthly interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal was payable in 29 equal monthly installments of \$33,333, beginning on November 15, 2013 and subsequently on the 15th day of each month thereafter, until paid in full. On April 30, 2014 the note was paid in full. Interest expense recorded for the Note in the fiscal year ended April 30, 2014 was approximately \$122,000.

As of October 31, 2013, the Company also entered into an agreement with Mr. Sheerr to leaseback the aforementioned equipment and furniture that was sold to Mr. Sheerr on October 31, 2013. The lease is for a term of 60 months and the Company is obligated to pay approximately \$7,500 per month for the term of the lease. The Company has an option to extend the lease for an additional two year period. The transactions described have been accounted for as a sale-leaseback transaction. Accordingly, the Company recognized a gain on the sale of assets of approximately \$139,000, which is the amount of the gain on sale in excess of present value of the future lease payments and will recognize the remaining approximately \$322,000 in proportion to the related gross rental charged to expense over the term of the lease, 60 months. The current portion of \$72,000 deferred gain is reflected in accrued liabilities and the long term portion of \$250,000 is reflected in other liabilities long term in the consolidated balance sheet as of April 30, 2014. The current portion of \$72,000 deferred gain is reflected in accrued liabilities and the long term portion of \$179,000 is reflected in other liabilities long term in the consolidated balance sheet as of April 30, 2015.

On July 30, 2012, a Convertible Senior Promissory Note was executed by and between Shoreline Memory, Inc. ("Shoreline") and the Company whereby the Company could lend up to \$1,500,000 to Shoreline in exchange for interest payments at prime plus 3.0% and the right to convert the amount outstanding into Common Stock of Shoreline on or before its maturity date. Each time the Company advanced money under the note, the Company was granted 1% of the outstanding Common Stock of Shoreline for every \$100,000 advanced up to a maximum of 15%. This was in addition to the 15% allowable under the conversion of the note and the warrant to acquire 30% of Shoreline Common Stock. The conversion is at the rate of 1% of the outstanding Common Stock for each \$100,000 converted up to a maximum of 15%. This note had a maturity date of three years and at such time Shoreline would have had to repay the note or the Company would have had to convert the note into Common Stock. The note was secured by all the assets of Shoreline and Shoreline Capital Management Ltd. ("Shoreline Capital") as guarantor. Also executed with the note was a warrant to purchase 30% of the outstanding Common Stock of Shoreline at the time of exercise and the warrant expires sixty days after the third anniversary of the closing of the transaction. The warrant prescribed a formula to determine the price per share at the time of exercise. If all the amounts under the note were advanced and converted and the full warrant was exercised, the Company would have owned 60% of the outstanding Common Stock of Shoreline. The note was executed simultaneously with a Master Services Agreement which details the parameters under which the Company and Shoreline would have fulfilled orders from Shoreline's primary customer. On July 31, 2012, the Company advanced \$375,000 under the note and an additional \$375,000 on August 1, 2012. The purpose of the loan was to fund startup expenses and to prepay initial orders. On February 19, 2013, the Company received \$50,000 from Shoreline and, on February 22, 2013, the Company received an additional \$200,000 from Shoreline as a partial repayment of their loan. On March 27, 2013, the Company reached an agreement to terminate its relationship with Shoreline. At closing, the Company received an additional \$225,000 as a partial repayment of the loan in connection with the termination of all agreements with Shoreline. The promissory note bears interest at the rate of 6% and is guaranteed by Shoreline Memory, Inc., Shoreline Capital Management Ltd and Trevor Folk. All agreements with Shoreline have been terminated with the exception of the amended and restated promissory note. The remaining \$275,000 was scheduled to be repaid in accordance with the amended and restated promissory note on July 31, 2013. Shoreline Memory defaulted on the note. The Company fully reserved the \$275,000 balance on the amended and restated promissory note at July 31, 2013. During fiscal 2014's second quarter the Company agreed to settle the amount due on the defaulted note for approximately \$162,000. The funds were received in escrow on October 31, 2013 and forwarded to the Company on November 1, 2013.

On November 6, 2013, the Company entered into a new financing agreement (the "Financing Agreement") with Rosenthal & Rosenthal, Inc. to replace the existing loan agreement. 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 Agreement is either earlier terminated or renewed. Loans outstanding under the Financing Agreement 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 financial and 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. On April 29, 2014, the Company entered into an amendment (the "Amendment") to the Financing Agreement. The Amendment provides for advances against inventory balances based on prescribed formulas of raw materials and finished goods. The maximum borrowing capacity remains at \$3,500,000. Borrowings at April 30, 2015 totaled approximately \$2,109,000 and there was no additional availability on that date.

The weighted average interest rate on amounts borrowed under these agreements at April 30, 2015 and 2014 was 8.5% and 9.4%, respectively. The average dollar amounts borrowed under these agreements for the fiscal years ended April 30, 2015 and 2014 were \$3,091,000 and \$3,327,000, respectively.

(3) Securities Purchase Agreement

On September 18, 2013, the Company and certain investors entered into a securities purchase agreement (the "Purchase Agreement") in connection with the offering, pursuant to which the Company agreed to sell an aggregate of 350,931 shares of its common stock and warrants to purchase a total of 350,931 shares of its common stock to such investors for aggregate net proceeds, after deducting fees to the Placement Agent and other estimated offering expenses payable by the Company, of approximately \$807,000. The common stock and warrants were sold in fixed combinations, with each combination consisting of one share of common stock and one warrant, with each warrant exercisable for one share of common stock. The purchase price was \$2.30 per fixed combination. On September 23, 2013 the offering of 350,000 shares and warrants was closed with net proceeds to the Company of approximately \$695,491 after accounting for all expenses of the offering. The exercise price of the warrants is subject to adjustment in the case of stock splits, stock dividends, combinations of shares and similar recapitalization transactions. The exercisability of the warrants may be limited if, upon exercise, the holder or any of its affiliates would beneficially own more than 4.99% of the Common Stock. After the one year anniversary of the initial exercise date of the warrants, the Company had the right to call the warrants for cancellation for \$.001 per share in the event that the volume weighted average price of the Common Stock for 20 consecutive trading days exceeds \$10.00.

On March 20, 2014, the Company and certain investors entered into a common stock purchase agreement (the "Purchase Agreement") in connection with the offering, pursuant to which the Company agreed to sell an aggregate of 219,754 shares of its common stock to such investors for aggregate proceeds, after deducting fees to the Placement Agent and other estimated offering expenses payable by the Company, of approximately \$559,000. The purchase price was \$3.00 per share.

On March 20, 2014, holders of warrants issued in connection with the sale of common stock on September 18, 2013, exercised 86,100 of those warrants at the exercise price of \$3.50 per share resulting in net proceeds of approximately \$306,350. The exercise of these warrants resulted in the issuance of 86,100 shares of the Company's common stock.

On July 15, 2014, the Company entered into the Purchase Agreement governing the issuance of \$750,000 aggregate principal amount of Bridge Notes and Bridge Warrants. The Bridge Notes and Bridge Warrants were issued on July 15, 2014. The Company issued \$600,000 aggregate principal amount of the Bridge Notes to certain Institutional investors and \$150,000 aggregate principal amount of the Bridge Notes to certain members of Management. The Bridge Notes, the initial maturity date of which was October 15, 2014 (which was subject to a three-month extension at the option of the holders that occurred; see below), are convertible into shares of the Company's common stock. The initial conversion price for Institutional Investors is \$2.50 per share (which was subsequently reduced; see below), and the initial conversion price for Management is equal to the closing price of the Company's common stock on the closing date of the Purchase Agreement, \$2.94. The Bridge Notes are secured obligations of the Company and bear interest at a rate of 8% per year. The Bridge Warrants are exercisable for five years after the closing date of the Purchase Agreement, or July 15, 2019. For each \$1,000 of principal amount of Bridge Notes, the holder received 1,200 Bridge Warrants, each exercisable for the purchase of one share of the Company's common stock. Each holder is entitled to exercise one-third of all Bridge Warrants received at an exercise price of \$3.00, one-third of all Bridge Warrants received at an exercise price of \$3.50, and one-third of all Bridge Warrants received at an exercise price that is equal to the closing price on the closing date of the Purchase Agreement, \$2.94. Pursuant to the terms of the Purchase Agreement, the Company has agreed to register for re-sale the shares underlying the Bridge Notes and the Bridge Warrants.

On October 15, 2014, the original maturity date of the Bridge Notes, the maturity date of the Bridge Notes was extended to January 15, 2015 for all holders of the Bridge Notes. On November 17, 2014 the Company closed the sale of 600,000 shares of its Series A Stock, which resulted in the reduction of the conversion price of the Bridge Notes held by the institutional investors to \$2.00 from \$2.50 to equal the conversion price of the Series A Preferred Stock (see below). In addition, two additional 90-day extensions were provided to the institutional investors, which could extend the final maturity date to July 15, 2015. The extensions expired on January 15, 2015 and at the quarter ended January 31, 2015 the Bridge Notes were in default. The Company paid off approximately \$42,500 of the notes and received extensions from all Bridge note holders except for one holder of an \$80,000 Bridge Note, which extend the maturity date to January 15, 2016 from the Bridge Note holders prior to this filing. The Company continues to accrue interest on the Bridges Notes. In the event the Bridge Notes are converted to equity, their incremental fair value will be recognized in the consolidated statement of operations. The Company has also advised Rosenthal and Rosenthal, Inc. of the default on the Bridge Notes which is a default under our finance agreement.

The pricing model the Company used for determining fair values of the Bridge Warrants is the Black-Scholes Pricing Model. The model uses market-sourced inputs such as interest rates, dividend yields, market prices and volatilities. The risk-free interest rate used of 1.26% is based on the rate of U.S Treasury zero-coupon issues with a remaining term equal to the expected life of the Bridge Warrants. Expected dividend yield assumes the current dividend rate of zero. Expected volatility of approximately 100% was calculated using the daily closing price over a five-year period of the Company's Common Stock.

The value of the Bridge Warrants was derived and used as a basis to allocate the proceeds received between the Bridge Warrants and Bridge Notes. The proportionate value ascribed to the Bridge Warrants amounted to approximately \$562,000 and was reflected as a discount on notes payable. Further the Company estimated a value of beneficial conversion feature of approximately \$188,000 (limited to the amount of proceeds allocated to the notes payable) and reflected such as an additional discount on the bridge notes. The discount on notes payable is being amortized using the straight line amortization over ninety days. This resulted in a non-cash interest charge of approximately \$617,000 in the quarter ended October 31, 2014 and approximately \$133,000 in this year's fiscal first quarter ended July 31, 2014.

On October 15, 2014, the original maturity date of the Bridge Notes, the maturity date of the Bridge Notes was extended to January 15, 2015 for all holders of the Bridge Notes. On November 12, 2014 the Company closed the sale of 600,000 shares of its Series A Preferred Stock, which resulted in the reduction of the conversion price of the Bridge Notes held by the institutional investors to \$2.00 from \$2.50 to equal the conversion price of the Series A Preferred Stock (see below). In addition, two additional 90 extensions were provided to the institutional investors, which could extend the final maturity date to July 15, 2015.

On November 12, 2014, the Company completed a private placement of 600,000 shares of its Series A Preferred Stock (“Series A Stock”) together with Warrants to purchase shares of its common stock (“Preferred Warrant”) at a price of \$5.00 per share, in accordance with the Series A Preferred Stock Purchase Agreement dated October 20, 2014 (the “Purchase Agreement”). The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant, after deducting the estimated offering expenses incurred by the Company were approximately \$2,700,000. At any time from November 17, 2014, the date of Closing, and prior to October 20, 2019 (the “Put/Call Exercise Period”), and the investors may exercise a right to purchase and require the Company to sell up to an additional 700,000 shares of Series A Stock. If the investors have not exercised this right during the Put/Call Exercise Period, the Company may exercise a right to cause and require the investors to purchase up to an additional 700,000 shares of Series A Stock, for an aggregate purchase price of \$3,500,000. Holders of the Series A Stock shall initially have the right to convert such shares of Series A Stock into the number of authorized but previously unissued shares of the Company’s common stock obtained by dividing the stated value of each share of Series A (\$5.00) by \$2.00. For each share of Series A Stock, the investors will receive 2.5 Preferred Warrants to purchase the Company’s common stock at an exercise price of \$2.50 per share. The Preferred Warrants are exercisable immediately for a period of five years from the date of closing. The exercise price of the Preferred Warrants is subject to adjustments in the case of stock splits, stock dividends, combinations of shares and similar recapitalization transactions. The exercisability of the Preferred Warrants may be limited if upon exercise, the warrant holder or any of its affiliates would beneficially own more than 4.99% of the Company’s Common Stock. The Holders of the Series A Stock will receive preferential cumulative dividends at the rate of 8% per annum (equivalent to a fixed annual payment of \$0.40 per share). The dividends are payable in shares of common stock and shall be valued at the weighted average price of the Company’s common stock over the ten (10) consecutive trading days ended on the second trading day immediately before the payment date.

The company also issued 182,500 common shares and 90,000 warrants for common shares in exchange for professional services and fees related to the sale of the Series A Stock. The fair value of the warrants is recorded as a simultaneous increase and decrease to additional paid in capital and is therefore not presented on the consolidated statement of stockholders’ equity. The fair value of the common shares is presented as a charge to APIC, with a corresponding increase to common stock related to the par value of the shares issued. The proceeds from the private placement were allocated between the Series A Stock, warrants and the put/call feature based upon their relative fair values. The fair value of the preferred stock was determined utilizing the ‘as converted’ method as the prominent feature driving the value of the instrument was deemed to be underlying value of the common stock to which the instrument was convertible into.

Fair value of the warrants was determined using the Black-Scholes Pricing Model. The model uses market-sourced inputs such as interest rates, dividend yields, market prices and volatilities. The risk-free interest rate used of 1.64% is based on the rate of U.S Treasury zero-coupon issues with a remaining term equal to the expected life of the Warrants. Expected dividend yield assumes the current dividend rate of zero. Expected volatility of approximately 93% was calculated using the daily closing price over a five year period of the Company’s Common Stock. The warrants have a strike price of \$2.50 and are exercisable for a period of 5 years.

Fair value of the put and call was determined using the Black-Scholes Pricing Model. The model uses market-sourced inputs such as interest rates, dividend yields, market prices and volatilities. The risk-free interest rate used of 1.64% is based on the rate of U.S Treasury zero-coupon issues with a remaining term equal to the expected life of the Put/Call. Expected dividend yield assumes the contracted rate of 8%. Expected volatility of approximately 93% was calculated using the daily closing price over a five year period of the Company's Common Stock. The Put/Call has a strike price of \$5.00 and is exercisable for a period of approximately 5 years. The fair value of the underlying preferred shares was based on the as converted value of the underlying common shares which was approximately \$5.58 as of the issuance date.

Post allocation of proceeds, the Company evaluated the embedded conversion feature within the Series A stock and determined that based upon its effective conversion rate that a beneficial conversion feature existed and required recognition. Such beneficial conversion feature was measured as the intrinsic value between the market price of the common stock on the commitment date and the effective conversion rate of the instrument and amounted to \$1,568,000. Given the Preferred A Stock does not have a stated redemption date, this entire discount was immediately recognized as a non-cash dividend. Such dividend was recognized as a reduction to additional paid in capital due to the retained deficit position of the company. Accordingly, the recognition of the beneficial conversion feature resulted in a simultaneous increase and decrease to APIC for \$1,568,000 and is therefore not presented on the consolidated statement of stockholders' equity.

On February 2, 2015, the Company completed a private placement of 26,600 shares of its Series A Stock together with Preferred Warrants to purchase shares of its common stock at a price of \$5.00 per share, in accordance with the Purchase Agreement. The net proceeds to the Company from the sale of the Series A Stock and Preferred Warrant were approximately \$133,000. The proceeds from the private placement were allocated between the Series A Stock and the warrants based upon their relative fair values. The fair value of the preferred stock was determined utilizing the 'as converted' method as the prominent feature driving the value of the instrument was deemed to be underlying value of the common stock to which the instrument was convertible into.

Fair value of the warrants was determined using the Black-Scholes Pricing Model. The model uses market-sourced inputs such as interest rates, dividend yields, market prices and volatilities. The risk-free interest rate used of 1.19% is based on the rate of U.S Treasury zero-coupon issues with a remaining term equal to the expected life of the Warrants. Expected dividend yield assumes the current dividend rate of zero. Expected volatility of approximately 90.5% was calculated using the daily closing price over a five year period of the Company's Common Stock. The warrants have a strike price of \$2.50 and are exercisable for a period of 5 years.

Post allocation of proceeds, the Company evaluated the embedded conversion feature within the Series A stock and determined that based upon its effective conversion rate that a beneficial conversion feature existed and required recognition. Such beneficial conversion feature was measured as the intrinsic value between the market price of the common stock on the commitment date and the effective conversion rate of the instrument and amounted to \$78,700. Given the Preferred A Stock does not have a stated redemption date, this entire discount was immediately recognized as a non-cash dividend. Such dividend was recognized as a reduction to additional paid in capital due to the retained deficit position of the company. Accordingly, the recognition of the beneficial conversion feature resulted in a simultaneous increase and decrease to APIC for \$78,700 and is therefore not presented on the consolidated statement of stockholders' equity.

On February 2, 2015, the Company issued and sold an aggregate of 183,000 restricted shares of its common stock at a price of \$2.00 per share and five-year warrants to purchase and additional 316,000 shares with an exercise price of \$2.50 per share, of which 50,000 shares were purchased by David A Moylan the Company's CEO. The net proceeds to the Company from the sale of the restricted common stock and warrants (exclusive of any exercise thereof) were approximately \$365,000.

Fair value of the warrants was determined using the Black-Scholes Pricing Model. The model uses market-sourced inputs such as interest rates, dividend yields, market prices and volatilities. The risk-free interest rate used of 1.19% is based on the rate of U.S Treasury zero-coupon issues with a remaining term equal to the expected life of the Warrants. Expected dividend yield assumes the current dividend rate of zero. Expected volatility of approximately 90.5% was calculated using the daily closing price over a five year period of the Company's Common Stock. The warrants have a strike price of \$2.50 and are exercisable for a period of 5 years. The warrants have been recognized through a simultaneous increase and decrease to APIC for approximately \$215,000 and is therefore not presented on the consolidated statement of stockholders' equity

At April 30, 2015 the Company had 3,358,275 warrants outstanding with exercise prices between \$13.56 and \$2.00.

(4) Related Party Transactions

During the fiscal years ended April 30, 2015 and 2014, the Company purchased inventories for resale totaling approximately \$1,348,000 and \$3,144,000, respectively, from Sheerr Memory, LLC ("Sheerr Memory"). Sheerr Memory's owner ("Mr. Sheerr") is employed by the Company and is the former general manager of the acquired MMB business unit. When the Company acquired certain assets of MMB, it did not acquire any of its inventories. However, the Company informally agreed to purchase such inventory on an as needed basis, provided that the offering price was a fair market value price. The inventory acquired was purchased subsequent to the acquisition of MMB at varying times and consisted primarily of raw materials and finished goods used to produce products sold by the MMB business unit. Approximately \$15,000 and \$271,000 respectively, of accounts payable in the Company's consolidated balance sheets as of April 30, 2015 and 2014 is payable to Sheerr Memory. Sheerr Memory offers the Company trade terms of net 30 days and all invoices are settled in the normal course of business. No interest is paid. The Company has made further purchases from Sheerr Memory subsequent to April 30, 2015 and management anticipates that the Company will continue to do so, although the Company has no obligation to do so.

During the fiscal years ended April 30, 2015 and 2014, the Company purchased inventories for resale totaling approximately \$1,150,000 and \$1,058,000, respectively, from Keystone Memory Group ("Keystone Memory"). Keystone Memory's owner is a relative of Mr. Sheerr. Approximately \$32,000 of accounts payable in the Company's consolidated balance sheets as of April 30, 2015 is payable to Keystone Memory. At April 30, 2014 approximately \$27,000 of accounts payable were due Keystone Memory. Keystone Memory offers the Company trade terms of net due and all invoices are settled in the normal course of business. No interest is paid. The Company has made further purchases from Keystone Memory subsequent to April 30, 2015 and management anticipates that the Company will continue to do so, although the Company has no obligation to do so.

On December 14, 2011, the Company entered into a Note and Security Agreement with Mr. Sheerr. The agreement provided for secured financing of up to \$2,000,000. The Company was obligated to pay monthly interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal was payable in sixty equal monthly installments, beginning on July 15, 2012. The Company had borrowed the full \$2,000,000 available under this agreement. Principal amounts due under this obligation were \$33,333 per month which began on July 15, 2012.

The Company amended and restated its Note and Security Agreement with Mr. Sheerr as of October 31, 2013; the Company sold certain equipment and furniture for a purchase price of \$500,000 under a sale leaseback transaction to Mr. Sheerr. The Company used the proceeds of the purchase price received from Mr. Sheerr to reduce the remaining principal amount of the original loan by an amount equal to \$500,000. The principal amount was reduced to approximately \$966,667 at October 31, 2013. The Company was obligated to pay monthly, interest equal to 10% per annum calculated on a 360 day year of the outstanding loan balance. Principal was payable in 29 equal monthly installments of \$33,333, beginning on November 15, 2013 and subsequently on the 15th day of each month thereafter, until paid in full. On April 30, 2014 the note was paid in full. Interest expense recorded for the Note in the fiscal years ended April 30, 2014 was approximately \$122,000.

As of October 31, 2013, the Company also entered into an agreement with Mr. Sheerr to leaseback the aforementioned equipment and furniture that was sold to Mr. Sheerr on October 31, 2013. The lease is for a term of 60 months and the Company is obligated to pay approximately \$7,500 per month for the term of the lease. The Company has an option to extend the lease for an additional two year period. The transactions described have been accounted for as a sale-leaseback transaction. Accordingly, the Company recognized a gain on the sale of assets of approximately \$139,000, which is the amount of the gain on sale in excess of present value of the future lease payments and will recognize the remaining approximately \$322,000 in proportion to the related gross rental charged to expense over the term of the lease, 60 months. The current portion of \$72,000 deferred gain is reflected in accrued liabilities and the long term portion of \$179,000 is reflected in other liabilities long term in the consolidated balance sheet as of April 30, 2015.

(5) Income Taxes

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

	<u>2015</u>	<u>2014</u>
Current:		
Federal	\$ —	\$ —
State	3,000	5,000
	<u>3,000</u>	<u>5,000</u>
Deferred:		
Federal	—	—
State	—	—
	<u>—</u>	<u>—</u>
Total income tax expense	<u>\$ 3,000</u>	<u>\$ 5,000</u>

Income tax expense differs from “expected” tax expense (computed by applying the applicable U.S. statutory Federal income tax rate to earnings before income taxes) as follows:

	<u>2015</u>	<u>2014</u>
Federal income tax at statutory rates	\$ (1,301,000)	\$ (879,000)
State income taxes (net of federal income tax benefit)	(99,000)	(179,000)
Impact of change in state rate	1,330,000	
Other	249,000	(105,000)
	<u>179,000</u>	<u>(1,163,000)</u>
Total income tax expense (benefit) before provision for valuation allowance	179,000	(1,163,000)
Changes in valuation allowance	(176,000)	1,163,000
Total income tax expense	<u>\$ 3,000</u>	<u>\$ 0</u>

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

	<u>2015</u>	<u>2014</u>
Deferred tax assets:		
Compensated absences and severance, principally due to accruals for financial reporting purposes	\$ 3,000	\$ 75,000
Stock-based compensation expense	1,151,000	1,275,000
Accounts receivable, principally due to allowance for doubtful accounts and sales returns	49,000	86,000
Property and equipment, principally due to differences in depreciation	216,000	240,000
Intangible assets	53,000	430,000
Inventories	54,000	68,000
Domestic net operating losses	10,609,000	10,134,000
Alternative minimum tax	438,000	438,000
Capitalized R & D cost	128,000	0
Other	23,000	153,000
Net deferred tax assets	<u>12,724,000</u>	<u>12,899,000</u>
Valuation allowance	<u>(12,724,000)</u>	<u>(12,899,000)</u>
Net deferred tax assets	<u>\$ —</u>	<u>\$ —</u>

The Company recorded a valuation allowance of (\$176,000) and \$1,163,000 for the fiscal years ended April 30, 2015 and 2014, respectively. Management believes sufficient uncertainty exists regarding the realization of the deferred tax asset items and that a valuation allowance is required. Management considers projected future taxable income and tax planning strategies in making this assessment. The amount of deferred tax assets considered realizable could materially change in the future if estimates of future taxable income change.

The Company has Federal and state net operating loss carry-forwards of approximately \$29,900,000 and \$29,400,000, respectively. These can be used to offset future taxable income and expire between 2023 and 2035 for Federal tax purposes and 2016 and 2035 for state tax purposes.

The Company adopted Financial Accounting Standards Board (“FASB”) guidance for accounting for uncertainty in income taxes on May 1, 2008. The implementation of this guidance did not result in a material adjustment to the Company’s liability for unrecognized income tax benefits. At the time of adoption and as of April 30, 2015, the Company currently was not and is not engaged in an income tax examination by any tax authority. The Company recognizes interest and penalties on unpaid taxes in its income tax expense. No interest or penalties were recognized during the Company’s fiscal years ended April 30, 2015, 2014 or 2013. The Company files income tax returns in the United States and in various states. The Company’s significant tax jurisdictions are the U.S. Federal, New Jersey, Pennsylvania and California. The tax years subsequent to 2010 remain open to examination by the taxing authorities.

(6) Stock Options

The Company has a 2001 incentive and non-statutory stock option plan for the purpose of permitting certain key employees to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. In general, the plan allows granting of up to 300,000 shares of the Company's Common Stock at an option price to be no less than the fair market value of the Company's Common Stock on the date such options are granted. Currently, options granted under the plan vest ratably on the annual anniversary date of the grants. Vesting periods for options currently granted under the plan range from one to five years. At April 30, 2014, 239,246 of the outstanding options are exercisable. No further options may be granted under this plan. The Company also has a 2011 incentive and non-statutory stock option plan for the purpose of permitting certain key employees and consultants to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. No executive officer or director of the Company is eligible to receive options under the 2011 plan. In general, the plan allows granting of up to 33,333 shares of the Company's Common Stock at an option price to be no less than the fair market value of the Company's Common Stock on the date such options are granted. Options granted under the plan vest ratably on the annual anniversary date of the grants. There have been 25,000 shares granted under this plan. At April 30, 2015, 25,000 of the outstanding options are exercisable.

The Company's has a 2014 Equity Incentive Plan (the "Plan"), and reserves for issuance 250,000 shares of our common stock. Equity incentive awards play a significant role in the compensation provided to executive officers and employees in the current market. We intend on relying on equity compensation in order to attract and retain key employees, align the interests of our executive officers with those of our shareholders and to provide executive officers and other employees with the opportunity to accumulate retirement income. The Plan is designed to provide flexibility to meet our need to remain competitive in the marketplace in order to attract and retain executive talent and other key employees.

The Board of Directors has exclusive authority to determine which officers, employees, and directors who provide services to the Company will be entitled to receive a benefit under the Plan and to administer awards under the Plan to those eligible individuals. The Board retains the authority to appoint a Compensation Committee at any time, consisting of one or more Board members, to determine awards under the Plan. The Compensation Committee will determine, among things, the selection of those individuals to be granted awards under the Plan among those individuals eligible for participation, the level of participation of each participant, when and how each award under the plan will be granted, and what type or combination of types of awards will be granted.

The Plan provides for the granting of qualified and non qualified stock options Incentive stock options may be granted only to participants who meet the definition of "employees" under Section 3401(c) of the Code and bonus shares.

Stock Options- Stock options provide the recipient with the right to purchase shares of common stock at a price not less than their fair market value on the date of the grant. The stock option price is payable in cash, by tendering previously acquired shares of common stock having an aggregate fair market value at the time of exercise equal to the option price, by cashless (broker-assisted) exercise, or any other method approved by the Board. No stock option may be exercised more than 10 years from the date of grant.

Stock options granted under the Plan may be stock options that are intended to qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Incentive stock options may be granted only to participants who meet the definition of "employees" under Section 3401(c) of the Code. In addition, in order to qualify for incentive stock option treatment, in the case of options granted to a holder of 10% or more of the company's common stock, the stock option price may not be less than 110% of the fair market value of the stock on the date the stock option is granted.

Stock Appreciation Rights. A Stock Appreciation Right (“SAR”) provides the recipient with the right to receive from us an amount, determined by the Board and expressed as a percentage (not exceeding 100%), of the difference between the base price established for the appreciation rights and the market value of the common stock on the date the rights are exercised. Appreciation rights can be tandem (i.e., granted with option rights to provide an alternative to the exercise of the option rights) or free-standing. Tandem appreciation rights may only be exercised at a time when the related option right is exercisable and the spread is positive, and requires that the related option right be surrendered for cancellation. Free-standing appreciation rights must have a base price per right that is not less than the fair market value of the common stock on the grant date, must specify the period of continuous employment that is necessary before such appreciation rights become exercisable and may not be exercisable more than 10 years from the grant date.

Bonus Shares. Bonus Shares are an award to an eligible person of shares for services to be rendered or for past services already rendered to the Company. The Board will determine the number of shares to be awarded to the eligible individual, in accordance with any restrictions thereon. These restrictions may be based upon completion of a specified number of years of service with the Company or upon satisfaction of performance goals based on performance factors. Payment for the Bonus Shares may be made in the form of cash, whole shares, or a combination thereof, based on the fair market value of the shares on the date of payment, as determined in the sole discretion of the Board.

The status of these plans for the years ended April 30, 2015 and April 30, 2014 is as follows:

	Options Outstanding		
	Shares	Exercise price per share	Weighted average exercise price
Balance April 30, 2013	280,242	\$ 2.44-24.54	\$ 12.04
Granted	—	—	—
Exercised	—	—	—
Expired	(34,665)	6.72-24.54	10.41
Balance April 30, 2014	<u>245,577</u>	<u>\$ 2.44-19.20</u>	<u>\$ 12.27</u>
Granted	—	—	—
Exercised	—	—	—
Expired	(119,831)	6.72-19.20	16.24
Balance April 30, 2015	<u>125,746</u>	<u>\$2.44-15.42</u>	<u>\$ 8.48</u>

The Company periodically grants nonqualified stock options to non-employee directors of the Company. These options are granted for the purpose of retaining the services of directors who are not employees of the Company and to provide additional incentive for such directors to work to further the best interests of the Company and its shareholders. The options granted to these non-employee directors are exercisable at a price representing the fair value at the date of grant, and expire either five or ten years after date of grant. Vesting periods for options currently granted under the plan range from one to two years. At April 30, 2015, 125,746 of the outstanding options are exercisable.

The status of the non-employee director options for the years ended April 30, 2015 and April 30, 2014 is as follows:

	Options Outstanding		
	Shares	Exercise price per share	Weighted average exercise price
Balance April 30, 2013	31,333	\$ 11.94-24.54	\$ 15.60
Granted	—	—	—
Exercised	—	—	—
Expired	(12,666)	15.42-24.54	17.34
Balance April 30, 2014	<u>18,667</u>	<u>\$ 11.94-15.42</u>	<u>\$ 14.43</u>
Granted	—	—	—
Exercised	—	—	—
Expired	(18,667)	11.94-15.42	14.43
Balance April 30, 2015	<u>—</u>	<u>\$ —</u>	<u>\$ —</u>

Other Stock Option Expense

During the first quarter of the fiscal year ended April 30, 2009, the Company granted options to purchase 8,333 shares of the Company's Common Stock to a privately held company in exchange for certain patents and other intellectual property. The options granted are exercisable at a price representing the fair value at the date of grant, were 100% exercisable on the date of grant and expire ten years after the date of grant. The calculated fair value of these options was approximately \$121,000 and was determined using the Black-Scholes option-pricing model.

(7) Accrued Liabilities

Accrued liabilities consist of the following at April 30:

	2015	2014
Payroll, including vacation	\$ 27,000	\$ 226,000
Commissions	10,000	75,000
Bonuses	—	70,000
Lease legal settlement	—	225,000
Deferred gain on equipment sale	72,000	72,000
Accounting and audit	53,000	85,000
Other	120,000	176,000
	<u>\$ 282,000</u>	<u>\$ 929,000</u>

(8) Commitments and contingencies

Leases

The Company and its subsidiaries occupy various facilities and operate various equipment under operating lease arrangements. Rent charged to operations pursuant to such operating leases amounted to approximately \$443,000 in 2015 and \$419,000 in 2014.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of April 30, 2015 are as follows:

	<u>Non-Related Party</u>	<u>Related Party</u>	<u>Total</u>
Year ending April 30:			
2016	169,000	90,000	259,000
2017	82,000	90,000	172,000
2018	84,000	90,000	174,000
2019	85,000	45,000	130,000
2020	86,000	—	86,000
Thereafter			
Total	<u>\$ 506,000</u>	<u>\$ 315,000</u>	<u>\$ 821,000</u>

Purchases

At April 30, 2015, the Company had open purchase orders outstanding totaling \$83,000 primarily for inventory items to be delivered in the first three months of the fiscal year ending April 30, 2016. These purchase orders are cancelable.

License Agreements

The Company has entered into certain licensing agreements with varying terms and conditions. The Company is obligated to pay royalties on certain of these agreements. Royalties charged to operations pursuant to such agreements amounted to approximately \$57,000 in 2015 and \$60,000 in 2014.

Legal Proceedings

Effective as of the close of business on December 17, 2014, we terminated our agreement with MPP Associates, Inc., pursuant to which Marc P. Palker had been providing CFO services to us. On April 8, 2015, MPP Associates, Inc. and Mr. Palker filed a complaint, styled MPP Associates, Inc. and Marc Palker v. Dataram Corporation, Jon Isaac, David Moylan, Michael Markulec and Richard Butler, in the Superior Court of the State of New Jersey, Essex County, Docket No. ESX-L-002413-15. MPP Associates, Inc. asserts claims for breach of contract against Dataram for breach of contract and breach of the covenant of good faith and fair dealing. Mr. Palker asserts a claim against Dataram for breach of contract, alleging that he is a third party beneficiary of the agreement between MPP Associates, Inc. and Dataram. Mr. Palker also asserts a claim against Dataram and Messrs. Isaac, Moylan, Markulec and Butler for violation of the New Jersey Conscientious Employee Protection Act (“CEPA”), alleging that he was an “employee” of Dataram under the law and that his employment was terminated in retaliation for making lawfully protected objections concerning certain conduct. Plaintiffs do not demand a specific amount damages, but instead seek legal damages, compensatory damages, lost earnings and benefits, punitive damages, attorney’s fees with enhancement, costs of suit, and pre-judgment and post-judgment interest. We believe that the allegations are fully without merit and will defend ourselves vigorously in this action.

Effective as of the close of business on January 22, 2015, the company terminated the employment agreement with John H. Freeman, our former Chief Executive Officer. On April 9, 2015, styled John Freeman v. Dataram Corporation, David A. Moylan, Jon Isaac, and John Does 1-5, in the Superior Court of the State of New Jersey, Essex County, Docket No. ESX-L-002471-15. Mr. Freeman asserts claims for breach of contract against Dataram for breach of his employment agreement and breach of a promissory note. Mr. Freeman asserts claims against the company and Messrs. Moylan and Isaac for defamation per se and defamation. Mr. Freeman similarly asserts a claim for defamation against the John Doe defendants. Mr. Freeman does not demand a specific amount damages, but instead seeks compensatory damages, punitive damages, attorney's fees, costs of suit, and pre-judgment interest. We believe that the allegations are fully without merit and will defend ourselves vigorously in this action.

Similarly, on April 10, 2015, the company filed an action against Mr. Freeman, Mr. Palker and MPP Associates, Inc., styled as Dataram Corporation v. John Freeman, Marc Palker and MPP Associates, Inc., in the Superior Court of the State of New Jersey, Mercer County, Docket No. ESX-L-000886-15. The company asserts claims against Mr. Freeman for breach of the duty of loyalty and misappropriation of corporate property/conversion, claims against Messrs. Freeman and Palker for breach of fiduciary duty, and claims against Messrs. Freeman and Palker and MPP Associates, Inc. for fraud. The company seeks at least \$110,640.52 against Mr. Freeman and legal damages, compensatory, consequential, and punitive damages, attorney's fees, costs of suit, and interest against all defendants.

On June 26, 2015, Alethea Douglas, a former employee, filed a complaint against the Company with the U.S. Equal Employment Opportunity Commission, alleging a claim for age discrimination in connection with the termination of her employment effective May 20, 2015. We believe that the allegations are fully without merit and will defend ourselves vigorously in this action.

(9) Employee Benefit Plan

The Company has a defined contribution plan (the "Plan") which is available to all qualified employees. Employees may elect to contribute a portion of their compensation to the Plan, subject to certain limitations. The Company contributes a percentage of the employee's contribution, subject to a maximum of 4.5 percent. The Company's matching contributions aggregated approximately \$151,000 and \$180,000 in 2015 and 2014 respectively.

(10) Revenues by Geographic Location

The Company operates in one business segment and develops, manufactures and markets a variety of memory systems for use with servers and workstations which are manufactured by various companies. Revenues, total assets and long lived assets for 2015 and 2014 by geographic region is as follows:

	<u>United States</u>	<u>Europe</u>	<u>Other*</u>	<u>Consolidated</u>
April 30, 2015				
Revenues	\$ 23,285,000	\$ 3,785,000	\$ 1,188,000	\$ 28,258,000
Total assets	\$ 6,269,000	\$ 6,000	\$ 0	\$ 6,275,000
Long lived assets	\$ 1,498,000	\$ 0	\$ 0	\$ 1,498,000
April 30, 2014				
Revenues	\$ 24,917,000	\$ 3,431,000	\$ 2,051,000	\$ 30,399,000
Total assets	\$ 7,556,000	\$ 16,000	\$ 0	\$ 7,572,000
Long lived assets	\$ 1,353,000	\$ 0	\$ 0	\$ 1,353,000

*Principally Asia Pacific Region

(11) Subsequent Event

On July 29, 2015, we entered into separate Common Purchase Agreements, pursuant to which we sold and issued 500,000 shares of our Common Stock to 5 accredited investors. Gross proceeds of the Common Stock offering were \$500,000.

We are not using the services of an investment banker and no finder was involved in the Common Stock Offering.

In May 2015, Dataram filed an application with the state of NJ for the transfer of some or all of its New Jersey Net Operating Losses (NOLs) for which the Company is waiting for approval. At this time we cannot guarantee approval of our application, nor the success of the transfer, and we do not know what the size of the NOL transfer the state of New Jersey will approve. The Company has engaged Source Capital Group, Inc. on a best efforts basis to transfer the NJ NOL to the highest bidder for the New Jersey Net Operating Losses. Today, we cannot provide any certainty on the dollar amount or timing of the sale of the NOLs.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Item 9A. CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Accounting Officer of the Company have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Accounting Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended April 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of Company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

Management has conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of April 30, 2015. This Annual Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting as it is not required.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Executive Officers of the Company", "Nominees for Director" and "Section 16 Compliance." The Company's "Code of Ethics", within the meaning of Item 406 of Registered S-K, is posted on the Company's web site at www.dataram.com.

Item 11. EXECUTIVE COMPENSATION

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

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

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

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Executive Compensation," "Board of Directors" And "Related Party Transactions."

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

1. Financial Statements incorporated by reference into Part II of this Report.
2. The documents identified in the Exhibit Index which appears on page [*].

SIGNATURES

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

DATARAM CORPORATION
(Registrant)

Date: August 7, 2015

By: /s/ David A. Moylan
David A. Moylan, Chairman and Chief Executive Officer

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

Date: August 7, 2015

By: /s/ Michael E. Markulec
Michael E. Markulec, Director

Date: August 7, 2015

By: /s/ Richard D. Butler, Jr.
Richard D. Butler, Jr., Director

Date: August 7, 2015

By: /s/ Trent D. Davis
Trent D. Davis, Director

Date: August 7, 2015

By: /s/ Edward M. Karr.
Edward M. Karr, Director

Date: August 7, 2015

By: /s/ Anthony M. Lougee
Anthony M. Lougee
Controller
(Chief Accounting Officer)

EXHIBIT INDEX

- 3(a) Restated Certificate of Incorporation, as amended.
- 3(b) By-Laws. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2008, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 25, 2008.
- 4(d) Form of Common Stock Purchase Warrant. Incorporated by reference from Exhibits to a Current Report on Form 8-K with the Securities and Exchange Commission, SEC file number 001-08266, filed on May 12, 2011.
- 10(a) 2001 Stock Option Plan.* Incorporated by reference from Exhibits to a Definitive Proxy Statement for an Annual Meeting of Shareholders held on September 12, 2001, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 26, 2001.
- 10(b) Savings and Investment Retirement Plan, January 1, 2001 Restatement.* Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2003, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 29, 2003.
- 10(c) 2011 Stock Option Plan.* Incorporated by reference from Exhibits to a Definitive Proxy Statement for an Annual Meeting of Shareholders held on September 22, 2011, filed with the Securities and Exchange Commission, SEC file number 001-08266, on August 16, 2011.
- 10(d) 2014 Equity Incentive Plan.* Incorporated by reference from Exhibits to a Definitive Proxy Statement for an Annual Meeting of Shareholders held on November 10, 2014, filed with the Securities and Exchange Commission, SEC file number 001-08266, on October 21, 2014.
- 10(e) Lease Agreement dated as of April 4, 2011, between Hillier Properties, L.L.C., and Dataram Corporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2011, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 28, 2011.
- 10(f) Lease Agreement, dated December 31, 2000, between Nappen & Associates and Micro Memory Bank, Inc. and assigned to Dataram Corporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2009, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 28, 2009.
- 10(g) Lease Renewal Agreement, dated February 13, 2006, between Nappen & Associates and Micro Memory Bank, Inc. and assigned to Dataram Corporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2009, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 28, 2009.
- 10(h) Lease Renewal Agreement, dated February 10, 2011, between Nappen & Associates and Dataram Corporation. Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2011, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 28, 2011.

- 10(i) Employment Agreement of Jeffrey H. Duncan dated as of February 1, 2005.* Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2005, filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 28, 2005.
- 10(j) Employment Agreement of David Sheerr dated as of March 31, 2009.* Incorporated by reference from Exhibits to an Annual Report on Form 10-K for the year ended April 30, 2010, filed with the Securities and Exchange Commission, SEC file number 001-08266, July 29, 2010.
- 10(k) Product Consignment And Sale Agreement, dated as of July 27, 2010, Between Sheerr Memory, Inc. and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on July 29, 2010.
- 10(l) Note and Security Agreement, dated as of December 14, 2011, by and among David Sheerr and Dataram Corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on December 15, 2011.
- 10(m) Consignment Termination letter, dated December 14, 2011, between Sheerr Memory, Inc. and Dataram corporation. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on December 15, 2011.
- 10(n) Patent Purchase Agreement, dated as of March 29, 2012, by and between Dataram Corporation and Phan Tia Group Pte, LLC.
- 10(o) Securities Purchase Agreement, dated September 18, 2013, by and between Dataram Corporation and certain investors. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on September 19, 2013.
- 10(p) Subordinated Secure Convertible Bridge Note purchase agreement dated July 14, 2015 by and between Dataram Corporation and certain investors. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, July 18, 2014.
- 10(q) Series A Preferred Stock Purchase agreement dated as of October 20, 2014, by and between Dataram Corporation Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on October 21, 2014.
- 10(r) Severance Payment Agreement dated September 24, 2014 by and between Anthony M. Lougee and Dataram Corporation.*Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on September 24, 2014.

- 10(s) Employment Agreement dated June 8, 2015 by and between David A. Moylan and Dataram Corporation.* Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on June 12, 2015.
- 14(a) Code of Ethics. Incorporated by reference from Exhibits to a Current Report on Form 8-K filed with the Securities and Exchange Commission, SEC file number 001-08266, on June 20, 2005.
- 31(a) Rule 13a-14(a) Certification of David A. Moylan
- 31(b) Rule 13a-14(a) Certification of Anthony M. Lougee
- 32(a) Section 1350 Certification of David A. Moylan (Furnished not Filed)
- 32(b) Section 1350 Certification of Anthony M. Lougee (Furnished not Filed)
- 101.INS** XBRL Instance Document
- 101.SCH** XBRL Taxonomy Extension Schema Document
- 101.CAL** XBRL Taxonomy Extension Calculation Link base Document
- 101.LAB** XBRL Taxonomy Extension Label Link base Document
- 101.PRE** XBRL Taxonomy Extension Presentation Link base Document
- 101.DEF** XBRL Taxonomy Extension Definition Link base Document

*Management Contract or Compensatory Plan or Arrangement

** To be filed by amendment

New Jersey Division of Revenue & Enterprise Services
CERTIFICATE OF AMENDMENT TO THE CERTIFICATE OF INCORPORATION
(For Use by Domestic Profit Corporations)

Pursuant to the provisions of Section 14A:9-2 (4) and Section 14A:9-4 (3), Corporations, General, of the New Jersey Statutes, the undersigned corporation executes the following Certificate of Amendment to its Certificate of Incorporation:

1. The name of the corporation is "Dataram Corporation."
2. The following amendments to the Restated Certificate of Incorporation were approved by the directors and thereafter duly adopted by the shareholders of the corporation on the 10th day of November, 2014.
3. The number of shares outstanding at the time of the adoption of the amendments was: 2,430,512 shares. The total number of shares entitled to vote thereon was: 2,410,512 shares of Common Stock.
4. Resolved, that Article SIXTH of the Restated Certificate of Incorporation be amended to read as follows:

The total number of shares of common stock that may be issued by the Company is 54,000,000, each having a par value of \$0.01 and the total number of shares of preferred stock that may be issued by the Company is 5,000,000, each having a par value of \$1.00.

All or any part of said shares of common stock and preferred stock may be issued by the Company from time to time, for such consideration as may be fixed by the Board of Directors as provided by law.

Provisions Relating To Preferred Stock

1. The preferred stock may be issued, from time to time, in one or more series, each of such series to have such designation and such relative voting, dividend, liquidation, conversion and other rights, preferences and limitations as are stated and expressed herein and in such amendment or amendments to the Certificate of Incorporation establishing such series as are adopted by the Board of Directors as hereinafter provided and as are not inconsistent with this Article Sixth.
 2. Authority is hereby expressly vested in and granted to the Board of Directors of the Corporation, subject to the provisions of this paragraph 2, to adopt an amendment or amendments to the Certificate of Incorporation dividing the shares of preferred stock into one or more series and, with respect to each such series, fixing the following:
 - (a) The number of shares to constitute such series and the distinctive designation thereof;
 - (b) The annual dividend rate on the shares of such series and the date or dates from which dividends shall be accumulated as herein provided;
 - (c) The times when and the prices at which shares of such series shall be redeemable, the limitations and restrictions with respect to such redemptions and the amount, if any, in addition to any accumulated dividends thereon which the holders of shares of such series shall be entitled to receive upon the redemption thereof, which amount may vary at different redemption dates and may differ in the case of shares redeemed through the operation of any purchase, retirement or sinking fund from the case of shares otherwise redeemed;
-

(d) The amount, if any, in addition to any accumulated dividends thereon which the holders of shares of such series shall be entitled to receive upon the liquidation, dissolution or winding up of the Corporation, which amount may vary depending on whether such liquidation, dissolution or winding up voluntary or involuntary and, if voluntary, may vary at different dates;

(e) Whether or not the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund and, if so, the extent to and manner in which such purchase, retirement or sinking fund shall be applied to the purchase or redemption of the shares of such series for retirement or for other corporate purposes and the terms and provisions relative to the operation of the said fund or funds;

(f) Whether or not the shares of such series shall be convertible into shares of stock of any other class or classes, or of any other series or preferred stock or series of other class of shares, and if so convertible, the price or prices, the rate or rates of conversion and the method, if any, of adjusting the same;

(g) The limitations and restrictions, if any, to be effective while any shares of such series are outstanding upon the payment of dividends or making of other distribution on, and upon the purchase redemption or other acquisition by the Corporation or any subsidiary of, the Common Stock, or (with the exception of the preferred stock) any other class or classes of stock of the Corporation ranking on parity with or junior to the shares of such series either as to dividends or upon liquidation;

(h) The conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or of any subsidiary, or upon the issue of any additional stock (including additional shares of such series of any other series or of any other class) ranking on a parity with or prior to the shares of such series either as to dividends or upon liquidation;

(i) The voting powers, if any, of the series; and

(j) Such other preferences and relative, participating, optional or other special rights, or qualification, limitations or restrictions, as shall not be inconsistent with this Article Sixth.

3. The Board of Directors also shall have authority to change the designation of shares, or the relative rights, preferences and limitations of the shares, of any theretofore establish series of preferred stock, no shares of which have been issued, and further, the Board shall have the authority to increase or decrease the number of shares of any series previously determined by it (provided, however, that the number of shares of any series shall not be decreased to a number less than that of the shares of that series then outstanding).

5. The number of shares voting for and against the amendment to Article SIXTH is as follows.

Number of Shares Voting for Amendment: 1,233,393

Number of Shares Voting Against Amendment: 53,164

6 . Resolved, that Article SIXTH of the Restated Certificate of Incorporation be further amended to include the following language, in addition to paragraph 4 above:

The Board of Directors is authorized to designate 1,300,000 shares of preferred stock as “Series A Stock”, subject to the rights, preferences, privileges and limitations set forth below.

A. Terms of the Series A Stock.

1. Designation and Number. A series of preferred stock, designated the "Series A Stock", is hereby established. The number of authorized shares of Series A Stock shall be 1,300,000.

2. Maturity. The Series A Stock has no stated maturity and will not be subject to any sinking fund or mandatory redemption.

3. Dividends.

(a) Dividends in Kind. Holders of Series A Stock (each, a "Holder" and collectively, the "Holders") shall be entitled to receive, and the Corporation shall pay, out of funds of the Corporation legally available for payment, preferential cumulative dividends at the rate of 8% per annum (equivalent to a fixed annual amount of \$0.40 per share) (the "Dividend Payments") of the stated value of \$5.00, payable in arrears on the fifteenth (15th) calendar day of each quarter (the "Dividend Payment Date"), beginning on January 15, 2015 (with respect to the period beginning on the Original Issue Date (as defined below) and ending on December 31, 2014), in duly authorized, validly issued, fully paid and non-assessable shares of the Corporation's common stock, par value \$0.01 per share (the "Common Stock"). The Common Stock to be issued as Dividend Payments shall be valued at the volume weighted average price (the "VWAP") of the Common Stock over a ten (10) consecutive trading days ended on the second trading day immediately preceding the Dividend Payment Date.

(b) Dividend Calculations; Late Fees. Dividends on the Series A Stock shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue commencing on the date of the first issuance of any shares of Series A Stock (the "Original Issue Date"). Dividends shall cease to accrue with respect to any Series A Stock converted, provided that the Corporation actually delivers the shares of Common Stock issuable upon conversion of the shares of Series A Stock (the "Conversion Shares") within the time period required by Subsection 7(b) herein. Any dividends that are not paid within three Trading Days (as defined below) following a Dividend Payment Date shall continue to accrue and shall entail a late fee, at a rate of 18% per annum or the lesser rate permitted by applicable law which shall accrue daily from the Dividend Payment Date through and including the date of actual payment of the dividend in full. So long as any Series A Stock shall remain outstanding, the Corporation shall not make any distribution upon any shares of Common Stock as long as any dividends due on the Series A Stock remain unpaid, nor shall any monies or capital stock be set aside for or applied to the purchase or redemption (through a sinking fund or otherwise) of any shares of Common Stock or any shares junior to or *pari passu* with the Series A Stock. Any dividend payment made on the Series A Stock shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable. Dividends on the Series A Stock will accrue whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such dividends, whether or not such dividends are declared and whether or not such dividends are prohibited by agreement.

4. Liquidation Preference.

Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation (each, a "Liquidation Event"), the Holders of Series A Stock are entitled to be paid out of the assets of the Corporation legally available for distribution to its shareholders a liquidation preference of \$5.00 per share (the "Liquidation Preference", or the "Stated Value") in cash or property at its fair market value as determined by the Board of Directors of the Corporation, plus an amount equal to any accrued and unpaid dividends to the date of payment, before any distribution of assets is made to holders of the Corporation's Common Stock or any other class or series of capital stock of the Corporation that ranks junior to the Series A Stock as to liquidation rights, including any other class or series of shares of the Corporation hereafter authorized over which the Series A Stock has preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation. The Corporation will promptly provide to the Holders written notice of any event triggering

the right to receive such Liquidation Preference. After payment of the full amount of the Liquidation Preference, plus any accrued and unpaid dividends to which they are entitled, the Holders will be entitled to a pro-rata distribution of the remaining assets of the Corporation, on the same terms and with the same rights as the holders of the Corporation's Common Stock, on an as-converted basis. The consolidation or merger of the Corporation with or into any other corporation, trust or entity or of any other corporation, trust or entity with or into the Corporation, the sale, lease or conveyance of all or substantially all of the property or business of the Corporation or a statutory share exchange, shall not be deemed to constitute a liquidation, dissolution or winding up of the Corporation, unless a liquidation, dissolution or winding up of the Corporation is effected in connection with, or as a step in a series of transactions by which, a consolidation or merger of the Corporation is effected.

5. Redemption. The Corporation may not redeem the Series A Stock, in whole or in part.

6. Voting Rights.

(a) Negative Covenants. So long as any shares of Series A Stock remain outstanding or a Holder has an exercisable put option pursuant to the Definitive Agreement (as defined below), the Corporation will not, without the affirmative vote or consent of the holders of Series A Stock entitled to cast at least ninety percent (90%) of the votes entitled to be cast by the holders of the Series A Stock, given in person or by proxy, either in writing or at a meeting (voting separately as a class):

(i) amend, alter or repeal the provisions of the Corporation's Certificate of Incorporation or Bylaws, whether by merger, consolidation or otherwise;

(ii) authorize, create or issue any class or series of capital stock or rights to subscribe to or acquire any class or series of capital stock or any class or series of capital stock convertible into any class or series of capital stock, in each case ranking senior or *pari passu* to the Series A Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, or reclassify any shares of capital stock into any such shares;

(iii) increase the authorized amount of any class or series of capital stock of the Corporation;

(iv) authorize the payment of any dividends or distributions on any class or series of capital stock other than those dividends to which holders of Series A Stock are entitled under subsection 3 hereto;

(v) redeem or repurchase any shares of Common Stock or preferred stock except purchases at cost upon termination of services of an employee of, or consultant to, the Corporation or pursuant to the exercise by the Corporation of contractual rights of first refusal over any such shares;

(vi) consummate any Liquidation Event;

(vii) increase or decrease the size of the Corporation's Board of Directors; or

(viii) take any other action that may result in any adverse change to the rights, preferences, and privileges of the holders of Series A Stock.

(b) Board of Directors. Except as set forth in subsection 6(a) herein, Holders will be entitled to voting rights on an as-converted to Common Stock basis; provided, however, that, solely for the purposes of determination of voting rights under this Subsection 6, the Market Price (as defined below) shall be the conversion price per share of Common Stock at which the Series A Stock is convertible into shares of Common Stock. "Market Price" shall mean the closing bid price of the Common Stock on the date immediately preceding the date upon which the Corporation first entered into a definitive agreement for the sale and issuance of Series A Stock (the "Definitive Agreement"). Except as specified in this Subsection 6, or as otherwise required by applicable law, Holders will not have any additional voting rights as a series or class. At any time, before, on or after the Original Issue Date, a Holder for itself only, may limit the amount of "as-converted to Common Stock" shares such Holder may vote pursuant to this Section 6(b) to an amount not in excess of the amount of shares of Common Stock that could be issued to such Holder without exceeding the Beneficial Ownership Limitation.

7. Conversion.

(a) Subject to and upon compliance with the provisions of this Subsection 7, a Holder shall have the right, at the Holder's option, at any time, to convert such shares of Series A Stock, in whole or in part, into the number of authorized but previously unissued shares of Common Stock and accrued dividends obtained by dividing the aggregate Stated Value of such shares by \$2.00, the conversion price per share of Common Stock at which the Series A Stock is convertible into shares of Common Stock, as such price may be adjusted pursuant to Subsection 8 (the "Conversion Price"). Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of shares of Series A Stock to be converted, the number of shares of Series A Stock owned prior to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile such Notice of Conversion to the Corporation (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error.

(b) Not later than three (3) Trading Days (as defined below) after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder, a certificate or certificates representing the Conversion Shares representing the number of Conversion Shares being acquired upon the conversion of the Series A Stock. If, in the case of any Notice of Conversion, such certificate or certificates are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such certificate or certificates, to rescind such conversion, in which event the Corporation and the Holder shall promptly return to the Corporation the Common Stock certificates issued to such Holder pursuant to the rescinded Conversion Notice. The aforescribed rescission notwithstanding, the Holder will be entitled to liquidated and other damages, if any. "Trading Day" shall mean any day on which the securities in question are traded on the principal national securities exchange on which such securities are listed or admitted, or if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market, or if such securities are not quoted on the Nasdaq National Market, in the applicable securities market in which the securities are traded.

(c) No fractional shares or scrip representing fractions of Common Stock shall be issued upon conversion of the Series A Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of a share of Series A Stock, the Corporation shall pay to the Holder of such share an amount in cash based upon the Current Market Price of Common Stock on the Trading Day immediately preceding the date of conversion. “Current Market Price” of the Common Stock of the Corporation for any day shall mean the last reported sales price on such day or, if no sale takes place on such day, the average of the reported closing bid and asked prices on such day, in either case as reported on the principal national securities exchange on which such security is listed or admitted for trading or, if not listed or admitted for trading on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on the Nasdaq National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by Nasdaq or, if bid and asked prices for such security on such day shall not have been reported through Nasdaq, the average of the bid and asked prices on such day as furnished by any AMEX member firm regularly making a market in such security and selected for such purpose by the Board of Directors of the Corporation or, if such security is not so listed or quoted, as determined in good faith at the sole discretion of the Board of Directors of the Corporation, which determination shall be final, conclusive and binding. If more than one share of Series A Stock shall be surrendered for conversion at one time by the same Holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Stock so surrendered.

(d) If the Corporation fails to deliver to a Holder such certificate or certificates pursuant to Section 7(b) on the third Trading Day after the Share Delivery Date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as penalty, for each \$5,000 of Stated Value of Series A Stock being converted, \$50 per Trading Day (increasing to \$100 per Trading Day on the third Trading Day and increasing to \$200 per Trading Day on the sixth Trading Day after such damages begin to accrue) for each Trading Day after such third Trading Day after the Share Delivery Date until such certificates are delivered or Holder rescinds such conversion. Nothing herein shall limit a Holder’s right to pursue actual damages for the Corporation’s failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, in law or in equity including, without limitation, a decree of specific performance and/or damages pursuant to any other Section hereof or under applicable law.

(e) In addition to any other rights available to the Holder, if the Corporation fails for any reason to deliver to a Holder the applicable certificate or certificates by the Share Delivery Date pursuant to Section 7(b), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder’s brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a “Buy-In”), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount, if any, by which (x) such Holder’s total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that such Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Series A Stock equal to the number of shares of Series A Stock submitted for conversion (in which case, such conversion shall be deemed rescinded) or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 7(b). For example, if a Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of shares of Series A Stock with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder \$1,000. The Holder shall provide the Corporation written notice indicating the amounts payable to such Holder in respect of the Buy-In and, upon request of the Corporation, evidence of the amount of such loss. Nothing herein shall limit a Holder’s right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation’s failure to timely deliver certificates representing shares of Common Stock upon conversion of shares of Series A Stock as required pursuant to the terms hereof.

(f) The Corporation shall not affect any conversion of the Series A Stock, and a Holder shall not have the right to convert any portion of the Series A Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any such Holder's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates shall include the number of shares of Common Stock issuable upon conversion of the Series A Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining unconverted Stated Value of the Series A Stock beneficially owned by such Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, the Series A Stock) beneficially owned by such Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 7(f), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 7(f) applies, the determination of whether the Series A Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates) and of how many shares of Series A Stock are convertible shall be deemed to be such Holder's determination of whether the shares of Series A Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates) and how many shares of the Series A Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulation promulgated thereunder. For purposes of this Section 7(f), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Corporation shall within two Trading Days confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Series A Stock, by such Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99%, unless a Holder elects on its signature page to the Definitive Agreement a different amount for its own Beneficial Ownership Limitation of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of the Series A Stock held by the applicable Holder. A Holder, upon not less than 61 days' prior notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 7(f) applicable to its Series A Stock. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 7(f) to correct this paragraph (or any portion thereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to any successor holder of Series A Stock.

8. Certain Adjustments

(a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Series A Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock, or on any securities of the Corporation which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock ("Common Stock Equivalents") (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Series A Stock), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Subsection 8(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) Subsequent Equity Sales. If, at any time while this Series A Stock is outstanding, the Corporation sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues (or announces any sale, grant or any option to purchase or other disposition), any Common Stock or Common Stock Equivalents entitling any person to acquire shares of Common Stock at an effective price per share that is lower than the then Conversion Price (such lower price, the "Base Conversion Price" and such issuances, collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions,

floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is lower than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on such date of the Dilutive Issuance), then the Conversion Price shall be reduced to equal the Base Conversion Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. The Corporation shall notify the Holders in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Subsection 8(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the “Dilutive Issuance Notice”). For purposes of clarification, whether or not the Corporation provides a Dilutive Issuance Notice pursuant to this Subsection 8(b), upon the occurrence of any Dilutive Issuance, the holders are entitled to receive a number of Conversion Shares based upon the Base Conversion Price on or after the date of such Dilutive Issuance, regardless of whether a Holder accurately refers to the Base Conversion Price in the Notice of Conversion.

(c) Subsequent Rights Offerings. If the Corporation, at any time while this Series A Stock is outstanding, shall issue rights, options or warrants to all holders of Common Stock entitling them to subscribe for or purchase shares of Common Stock that are exercisable at a price per share that is lower than the Conversion Price (such lower price, the “Rights Conversion Price”), then the Conversion Price shall be reduced to equal the Rights Conversion Price. If the Corporation shall issue rights, options or warrants to all holders of Common Stock where the Rights Conversion Price is lower than VWAP but greater than the Conversion Price on the record date referenced below, then the Conversion Price shall be multiplied by a fraction of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights, options or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights, options or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming delivery to the Corporation in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such VWAP. Such adjustment shall be made whenever such rights, options or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

(d) Pro Rata Distributions. If the Corporation, at any time while this Series A Stock is outstanding, distributes to all holders of Common Stock evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security (other than the Common Stock, which shall be subject to Subsection 8(b)), then in each such case the Conversion Price shall be adjusted by multiplying such Conversion Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then fair market value at such record date of the portion of such assets or evidence of indebtedness or rights or warrants so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors of the Corporation in good faith. In either case the adjustments shall be described in a statement delivered to the Holders describing the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

(e) Fundamental Transaction. If, at any time while this Series A Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another person whereby such other person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other person or other persons making or party to, or associated or affiliated with the other persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Series A Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Series A Stock is convertible immediately prior to such Fundamental Transaction. For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder of Series A Stock shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Series A Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new certificate of designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders' right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Corporation under the Certificate of Incorporation and any applicable transaction documents (as defined in the Purchase Agreement) in

accordance with the provisions of this Subsection 8(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder of this Series A Stock, deliver to the Holder in exchange for this Series A Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Series A Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Series A Stock (without regard to any limitations on the conversion of this Series A Stock) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Series A Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of the Certificate of Incorporation and the other Transaction Documents referring to the "Corporation" shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under the Certificate of Incorporation and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Corporation herein.

(f) Calculations. All calculations under this Subsection 8 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Subsection 8, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

(g) Notice to the Holders.

(i) Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Subsection 8, the Corporation shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(ii) Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Series A Stock, and shall cause to be delivered to each Holder at its last address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such

reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to convert the sum of the Stated Value of this Series A Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

(h) Transfer Agent Certificate. Whenever the Conversion Price is adjusted as herein provided, the Corporation shall promptly file with the transfer agent of the Corporation an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after delivery of such certificate, the Corporation shall prepare a notice of such adjustment of the Conversion Price, setting forth the adjusted Conversion Price and the effective date on which such adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the holder of each share of Series A Stock at such holder's last address as shown on the share records of the Corporation. No adjustment in the Conversion Price shall be made by the Company unless such reduced Conversion Price shall be in effect for a period of at least 10 business days.

(i) Other Actions Affecting Holders. If the Corporation shall take any action affecting the Common Stock, other than an action described in this subsection 8, that in the opinion of the Board of Directors of the Corporation would materially and adversely affect the conversion rights of the Holders, the Conversion Price for the Series A Stock may be adjusted, to the extent permitted by law, in such manner, if any, and at such time, as the Board of Directors of the Corporation, in its reasonable discretion, may determine to be equitable under the circumstances.

(j) Reserved Common Stock for Conversion. The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock, for the purpose of effecting conversion of the Series A Stock and paying dividends with shares of Common Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding Series A Stock not theretofore converted and payment with shares of Common Stock of the maximum amount of dividends which may accrue through four years after the Original Issue Date. For purposes of this paragraph (j), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding Series A Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder.

The Corporation covenants that any Common Stock issued upon conversion of the Series A Stock shall be validly issued, fully paid and nonassessable. Before taking any action that would cause an adjustment reducing the Conversion Price below the then par value of the Common Stock deliverable upon conversion of the Series A Stock, the Corporation will take any action that, in the opinion of its counsel, may be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable Common Stock at such adjusted Conversion Price.

(k) Transfer Tax. The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of Common Stock or other securities or property on conversion of the Series A Stock pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of Common Stock or other securities or property in a name other than that of the holder of the Series A Stock to be converted, and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

(l) No Reissuance. After a share of Series A Stock has been converted or redeemed, it shall not be reissued.

In addition to the foregoing adjustments, the Corporation shall be entitled to make such reductions in the Conversion Price, in addition to those required herein, as it in its discretion considers to be advisable in order that any share distributions, subdivisions of shares, reclassification or combination of shares, distribution of rights, options, warrants to purchase shares or securities, or a distribution of other assets (other than cash distributions) will not be taxable or, if that is not possible, to diminish any income taxes that are otherwise payable because of such event.

9. Certificate of Incorporation and Bylaws. The rights of all Holders of the Series A Stock and the terms of the Series A Stock are subject to the provisions the Certificate of Incorporation and the Bylaws of the Corporation.

B. Exclusion of Other Rights. Except as may otherwise be required by law, the Series A Stock shall not have any voting powers, preferences or relative, participating, optional or other special rights, other than those specifically set forth in the Certificate of Incorporation (as such may be amended from time to time). The Series A Stock shall have no preemptive or subscription rights.

C. Headings of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

D. Severability of Provisions. If any voting powers, preferences or relative, participating, optional and other special rights of the Series A Stock or qualifications, limitations or restrictions thereof set forth in the Certificate of Incorporation (as such may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other voting powers, preferences and relative, participating, optional and other special rights of Series A Stock and qualifications, limitations and restrictions thereof set forth in the Certificate of Incorporation (as so amended) which can be given effect without the invalid, unlawful or unenforceable voting powers, preferences or relative, participating, optional or other special rights of Series A Stock or qualifications, limitations and restrictions thereof shall be given such effect. None of the voting powers, preferences or relative participating, optional or other special rights of the Series A Stock or qualifications, limitations or restrictions thereof herein set forth shall be deemed dependent upon any other such voting powers, preferences or relative, participating, optional or other special right of Series A Stock or qualifications, limitations or restrictions thereof unless so expressed herein.

7. The number of shares voting for and against the amendment to Article SIXTH is as follows.

Number of Shares Voting for Amendment: 1,234,373

Number of Shares Voting Against Amendment: 53,235

8. This Certificate of Amendment shall become effective immediately upon filing with the State of New Jersey.

Dated this 10th day of November, 2014

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

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, David A. Moylan, certify that:

I have reviewed this Annual Report on Form 10-K of Dataram Corporation (the “registrant”);

- 1) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the report;
- 2) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
- 3) The small business issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
- 4) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant’s internal control over financial reporting.

By: /s/ David A. Moylan

David A. Moylan
Chief Executive Officer
August 7, 2015

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION OF CHIEF ACCOUNTING OFFICER

I, Anthony M. Lougee, certify that:

I have reviewed this Annual Report on Form 10-K of Dataram Corporation (the “registrant”);

- 1) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the report;
- 2) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 3) The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
- 4) I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer’s auditors and the audit committee of the small business issuer’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant’s internal control over financial reporting.

By: /s/ Anthony M. Lougee

Anthony M. Lougee
Chief Accounting Officer
August 7, 2015

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Dataram Corporation. (the "Company"), as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, David A. Moylan, the Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2015

By: /s/ David A. Moylan

David A. Moylan
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Dataram Corporation (the "Company"), as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony M. Lougee, the Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2015

By: /s/ Anthony M. Lougee
Anthony M. Lougee
Chief Accounting Officer