

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One) FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended April 30, 2001.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___ to ___.

Commission file number: 1-8266

DATARAM CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey 22-1831409

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

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

(Address of principal executive offices) (Zip Code)

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

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

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

Common Stock, \$1.00 Par Value

(Title of Class)

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

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

The aggregate market value of the Common Stock held by non-affiliates of the registrant on July 23, 2001 was \$72,375,779.

The number of shares of Common Stock outstanding on July 23, 2001: 8,538,119 shares.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Definitive Proxy Statement for Annual Meeting of Shareholders to be held on September 12, 2001 (the "Definitive Proxy Statement") to be filed within 120 days of the end of the fiscal year.

(2) 2001 Annual Report to Security Holders

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PART I

Item 1. BUSINESS

(a) General Development of Business.

Dataram develops, manufactures and markets memory products for use with workstations, network servers, desktop computers, notebooks and non-computer applications. The Company's computer-related memory products expand the capacity and extend the economic useful life of the installed base of computers manufactured by Sun Microsystems, Inc. ("Sun"), Hewlett-Packard Company ("HP"), Compaq Computer ("Compaq"), Silicon Graphics, Inc. ("SGI"), International Business Machines Corporation ("IBM") and many PC manufacturers. The Company also manufactures a line of memory products for Intel motherboard based servers for sale to original equipment manufacturers (OEMs) and channel assemblers.

In fiscal 2001, the Company was adversely effected by the worldwide retrenchment in computer sales. Not only did capital spending on new

equipment decrease, there came to market a substantial quantity of fairly new used equipment from companies with discontinued operations in the internet area which created a reduced market for new equipment. In part, the Company was able to offset this trend by the sale of upgrades to existing equipment. The Company was also affected by the worldwide collapse in DRAM prices. DRAM prices represent approximately 80% of the cost of the Company's final product. For the most part, competitive pressures require the Company to pass through decreases in prices to customers. As a result, average selling prices of the Company's products declined in the second half of the fiscal year by approximately 35% from the first half of the year. This trend has continued into fiscal 2002. However, in this negative economic environment, the Company was nevertheless able to maintain and slightly expand its profit margins and to remain profitable through careful inventory management.

Also in fiscal 2001, the Company acquired certain of the assets of Memory Card Technology A/S ("MCT"), a Danish manufacturer of memory boards for notebooks, desktop computers and other applications, which is in suspension of payments under Danish bankruptcy law. MCT had expanded capacity rapidly, maintained substantial inventory on hand, and was highly leveraged. As a consequence, MCT was particularly unprepared for the worldwide retrenchment and became insolvent. Dataram purchased from the Supervisor appointed to administer MCT's affairs certain of its assets, including worldwide sales facilities and production facilities located in Denmark. The purchase price of these assets consisted of \$28,581,000 which was paid both in cash and by the assumption of certain payables and accrued expenses of \$1,825,000. In addition, Dataram incurred acquisition costs of approximately \$1,600,000 and assumed capital leases of approximately \$5,300,000.

Dataram was incorporated in New Jersey in 1967 and made its initial public offering in 1968. Its common stock, \$1 par value (the "Common Stock") was listed for trading on the American Stock Exchange in 1981. In 2000 the Company changed its listing to the NASDAQ National Market where its stock trades under the symbol "DRAM." The Company's principal executive office is located at 186 Princeton Road (Route 571), West Windsor, New Jersey 08550, its telephone number is (609) 799-0071, its fax is (609) 799-6734 and its website is at <http://www.dataram.com>.

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RISK FACTORS

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

WE COULD SUFFER LOSSES IF DRAM PRICES DECLINE SUBSTANTIALLY. Dataram is often required to maintain substantial inventories during periods of shortage and allocation. During periods of increasing availability of DRAM and rapidly declining prices, Dataram has been forced to write down inventory. At the present time, the market is one of over supply, and Dataram seeks to maintain a minimum inventory while meeting the needs of customers. But there can be no assurance that Dataram will not suffer losses in the future based upon high inventories and declining DRAM prices.

OUR MEMORY PRODUCTS MAY VIOLATE OTHERS' PATENTS. Certain of Dataram's memory products are designed to be used with proprietary computer systems built by various OEM manufacturers. Dataram often has to comply with proprietary memory designs which may be patented, now or at some time in the future. OEMs have, at times, claimed that we have violated their patent rights by adapting our computer memory products to meet the requirements of their systems. It is the policy of Dataram to, in unclear cases, either

obtain an opinion of patent counsel prior to marketing, or obtain a license from the patent holder. Dataram is presently licensed by Sun Microsystems to sell memory products for their principal products. However, there can be no assurance that memory designs will not be created in the future which will, in fact, be patented and which patent holders will require the payment of substantial royalties as a condition for Dataram's 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 Dataram's existing products do not violate one or more existing patents.

WE MUST INTEGRATE MCT'S ASSETS INTO OUR OPERATIONS. In March of 2001 the Company purchased certain assets of MCT which have been merged into Dataram International. The Company faces challenges in integrating Dataram International's operations into the overall operations of the Company. These challenges include integration of data processing systems, the supervision of new personnel, the training of Dataram International's sales force to sell Dataram's server products and dealing with business in foreign locations from Colombia to Italy to Singapore. The Company will inevitably incur additional costs in integrating Dataram International's operations into Dataram's systems and business. There is no assurance that integration of all of Dataram International's operations will be successfully completed at projected costs, nor can there be any assurance that the integrated business will be profitable, particularly as MCT had suffered operating losses in the two preceding years.

WE FACE COMPETITION FROM OEMs. Dataram sells its 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 could change their policy and price memory products competitively. While Dataram believes that with its manufacturing efficiency and low overhead it still will be able to compete favorably with OEMs, in such an event profit margins and earnings would be adversely affected.

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WE MAY LOSE AN IMPORTANT CUSTOMER. During fiscal 2001, no single customer accounted for 10% of the Company's revenue. However, the largest ten customers accounted for approximately 35% of the Company's revenue. Moreover, the Company's international operations are more concentrated on a few OEM's and distributors. There can be no assurance that one or more of these customers will cease or materially decrease their business with the Company in the future and that Dataram's financial performance will not be adversely affected thereby.

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

THE MARKET FOR OUR PRODUCTS MAY NARROW OVER TIME. The principal market of Dataram is owners of workstations and servers, classes of machines lying between large mainframe computers and personal computers. The trend has been observed that personal computers are increasing in their power and sophistication and, as a result, are now filling some of the computational needs traditionally filled by workstations. The competition for the supply of after-market memory products in the PC industry is very competitive and if Dataram competes 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 Dataram's financial performance will not be adversely affected thereby.

WE MAY MAKE UNPROFITABLE ACQUISITIONS. Dataram has for some time explored the possibility of acquiring one or more businesses in the technology sector. While the Company is not currently engaged in discussions which could lead to an acquisition, the possibility exists that an acquisition will be made at some time in the future. Uncertainty surrounds all acquisitions and it is possible that a particular acquisition may not

result in a benefit to shareholders, particularly in the short term.

WE MAY BE SUBJECT TO UNKNOWN LIABILITIES ARISING FROM THE ACQUISITION OF MCT'S ASSETS. While the Company purchased assets and assumed only a limited and discrete liability in connection with the MCT transaction, and while the Company believes that it has conducted adequate due diligence, there can be no assurance that the Company will not be held liable for liabilities of MCT which at the present are unknown and unforeseen. The Company believes that it has made reservations for all known risks that could have a material impact upon the Company.

A SIGNIFICANT PORTION OF THE COMPANY'S OPERATIONS ARE DESIGNED PRINCIPALLY TO MEET THE NEEDS OF THE VERY COMPETITIVE PC MARKET. As a result of the acquisition of certain assets of MCT, the Company, in addition to server memory, now develops, manufactures and markets a variety of memory products for use with notebooks and desktop computers that are mainly IBM compatible, plus memory products for digital cameras, digital printers, image processors, print controllers, multi-function centers, routers and video cards as well as flash memory. Many of these products are sold to OEMs and incorporated into computers and other equipment. This is an intensely competitive market.

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.

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

DATARAM IS 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 15% ownership interest. This prohibition of "business combinations" is for five years and continues after that time period subject to certain exceptions. A practical consequence of this statute is that a hostile acquisition of Dataram would be difficult, if not impossible. As a result, hostile transactions which might be of benefit to shareholders may not occur because of this statute.

(b) Financial Information about Industry Segments.

The Company operates in one industry segment.

(c) Narrative Description of Business.

Dataram develops, manufactures and markets a variety of memory products for use with workstations and network servers, including those sold by Sun, HP, Compaq (including DEC), SGI and IBM. The Company sells memory products both for new machines and for the installed base of these classes of computers at prices less than the computer manufacturer. The Company also develops, manufactures and markets memory boards for desktop computers and notebooks and other applications, principally based on sales to OEMs and distributors.

Industry Background

The market for the Company's memory products ranges from desktop and notebook computers to workstations and network servers. These systems have been important to the growth of the Internet.

A workstation, like a PC, is designed to provide computer resources to

individual users. A workstation differs from a PC by providing substantially greater computational performance, input/output capability and graphic display. Workstations are nearly always networked. As a result of this networking capability, a new class of computer system, the network server, has emerged.

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

Dataram continues to design, produce and market memory products for workstations and network servers sold by Sun, HP, Compaq, Silicon Graphics and IBM. Additionally, the Company produces and markets memory for Intel processor based motherboards for use by OEMs and channel assemblers.

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

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

Business Strategy

Market Growth

Generally, growth in the memory market closely follows both the growth in unit shipments of system vendors and the growth of memory requirements per system. Management estimates that the long term growth rate measured by revenue in the market for its products is approximately 20% annually.

Market Penetration

In addition to the growth in the market, management estimates that sales by system vendors constitute 80% of the memory market in fiscal 2001. Thus, there is an opportunity for growth through penetration of the system vendor's market share. To successfully compete with system vendors, Dataram must continue to respond to customers' needs in a short time frame. To support customers' needs, the Company has two dedicated and highly automated manufacturing facilities that are designed to produce and ship customer orders within twenty-four hours or less.

Geographic Expansion

Approximately 72% of Dataram's fiscal 2001 revenues were derived from sales in the United States with the remainder principally in Western Europe and the Asia Pacific region. With the acquisition of certain of MCT's assets, the Company now has an expanded customer base and sales offices in 16 countries. As part of its integration process, the Company now markets its server, desktop and notebook memory products to that customer base utilizing its entire sales force

Products

The Company's principal business is the development, manufacture and marketing of memory products which can be added to workstations, network servers, desktop and notebook computers to upgrade or expand the capabilities of such systems. When vendors produce computer systems adhering to open system industry standards, the development effort for Dataram and other

independent memory manufacturers is straightforward and allows for the use of many standard components.

Distribution Channels

Dataram sells its memory products to OEM's, distributors, value-added resellers and larger end-users. The Company has sales offices in New Jersey, Denmark, The United Kingdom, Germany, Italy, Colombia, Argentina, Chile, Mexico, Australia, New Zealand, Japan, Hong Kong, Singapore, Malaysia and Thailand.

Product Warranty and Service

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

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Working Capital Requirements

The memory product business is heavily dependent upon the price of DRAMs. Producers of DRAM are required to invest substantial capital resources to produce their end product. Their marginal cost is low as a percentage of the total cost of the product. As a result, the world-wide market for DRAMs has swung in the past from periods of substantial over supply, resulting in falling prices for DRAMs, to wide availability of DRAMs, rapid delivery of DRAMs and ability of the Company to have minimum inventories to meet the needs of customers; to periods of shortage, where DRAMs are allocated and where the Company must invest heavily in inventory in order to continue to be assured of the supply of DRAMs from vendors. This volatility in the price and availability of the Company's basic raw material requires Dataram to maintain substantial cash and credit resources at all times. At April 30, 2001, the Company had cash and cash equivalents of \$10,236,000 and also had available an unused line of credit in the amount of \$15 million. At the present time, the market for DRAMs is one of over supply.

Memory Product Complexity

DRAM memory products for workstations and servers had, for many years, been undergoing a process of simplification with a corresponding decline in profit margins as competitors' entry into the market became easier. However, recent trends in the market have seen the development by OEMs of more complex memory designs. This has enabled Dataram to increase its margins somewhat. Memory products for desktop and notebook computers are much simpler, but gross margins are lower and market competition is more intense.

Engineering and Development

The Company's ability to compete successfully depends upon its ability to identify new memory needs of its customers. To achieve this goal, the Company's engineering group continually monitors computer system vendors' new product developments, and the Company evaluates and tests major components as they become available. Dataram designs prototype memory products and subjects them to reliability testing procedures. During its fiscal year ended April 30, 2001, the Company incurred costs of \$1,673,000 for engineering and product development compared to \$1,391,000 in fiscal 2000 and \$1,373,000 in fiscal 1999.

Raw Materials

The Company purchases standard dynamic random access memory ("DRAM") chips. The costs of such chips is approximately 80% of the total manufacturing cost of memory products. Fluctuations in the availability or prices of memory chips can have a significant impact on the Company's profit.

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

Manufacturing

The Company assembles its memory boards manufacturing facilities in Bucks County, Pennsylvania and Aarhus, Denmark.

Backlog

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

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Seasonality

The Company's business can be seasonal as the market for desktop and notebook memory generally is seasonal.

Competition

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

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

The Company believes that its 34-year reputation for providing quality products is an important factor to its customers when making a purchase decision. To strengthen this reputation, the Company has a comprehensive lifetime warranty and service program which provides customers with added confidence in buying from Dataram. See "Business-Product Warranty and Service."

Patents, Trademarks and Licenses

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

Sale of memory products for systems that use proprietary memory design can from time to time give rise to claims of copyright or patent infringement. In 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, 2001, the Company had 385 full-time employees. The Company believes it has satisfactory relationships with its employees. None of the Company's employees are covered by a collective bargaining agreement.

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Environment

Compliance with federal, state and local provisions which have been enacted or adopted to regulate the protection of the environment does not have a material effect upon the capital expenditures, earnings and competitive position of the Company. The Company does not expect to make any material expenditures for environmental control facilities in either the current fiscal year (fiscal 2002) or the succeeding fiscal year (fiscal 2003).

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

REVENUES (000's)

Fiscal	Export			Consolidated
	U.S.	Europe	Other	
2001	93,557	24,273	12,747	130,577
2000	85,832	14,865	8,455	109,152
1999	56,292	13,960	5,601	75,853

PERCENTAGES

Fiscal	Export			Consolidated
	U.S.	Europe	Other	
2001	71.6%	18.6%	9.8%	100.0%
2000	78.6%	13.6%	7.8%	100.0%
1999	74.2%	18.4%	7.4%	100.0%

The Company's acquisition of MCT's assets will result in significantly more of Dataram's revenue in future periods arising from sources outside of the United States and the above table is not representative of future operations.

Item 2. Properties

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

The Company leases a 90,000 square foot office and assembly plant in Aarhus, Denmark. The lease expires on July 1, 2009.

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

The Company also leases marketing facilities in The United Kingdom, Germany, Italy, Mexico, Colombia, Argentina, Chile, Australia, New Zealand, Japan, Singapore, Malaysia, Hong Kong and Thailand.

On September 29, 1980, the Company purchased approximately 81 acres of undeveloped property in West Windsor Township, New Jersey. The purchase price of \$875,000 was paid in cash. This property is approximately five miles from the Company's current leased facilities.

Item 3. Legal Proceedings

The Company is not engaged in any material legal proceedings.

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

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

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PART II

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

Incorporated by reference herein is the information set forth in the Company's 2001 Annual Report to Security Holders under the caption "Common Stock Information" at page 9.

Item 6. Selected Financial Data

Incorporated by reference herein is the information set forth in the 2001 Annual Report to Security Holders under the caption "Selected Financial Data" at page 20.

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

Incorporated by reference herein is the information set forth in the 2001 Annual Report to Security Holders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" at page 6 through page 8.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Incorporated by reference herein is the information set forth in the 2001 Annual Report to Security Holders under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" at page 8.

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Item 8. Financial Statements and Supplementary Data

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Annual Report*	

Consolidated Financial Statements:

Consolidated Balance Sheets as of April 30, 2001 and 2000.	9
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Consolidated Statements of Earnings - Years ended April 30, 2001, 2000 and 1999.	10
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Consolidated Statements of Cash Flows - Years ended April 30, 2001, 2000 and 1999.	11
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Consolidated Statements of Stockholders' Equity and Comprehensive Income - Years ended April 30, 2001, 2000 and 1999.	12
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All other schedules are omitted as the required information is not applicable or because the required information is included in the consolidated financial statements or notes thereto.

*Incorporated herein by reference.

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 Schedule II

DATARAM CORPORATION AND SUBSIDIARIES

Valuation and Qualifying Accounts

Years ended April 30, 2001, 2000 and 1999

Description	Additions		Balance at close of period	Balance at close of period
	Balance at beginning of period	charged to costs and expenses		
	<C>	<C>	<C>	<C>
Year ended April 30, 2001:				
Allowance for doubtful accounts and sales returns	\$ 450,000	144,000	144,000	450,000
Year ended April 30, 2000:				
Allowance for doubtful accounts and sales returns	\$ 450,000	58,000	58,000*	450,000
Reserve for inventory obsolescence	\$ 25,000	--	25,000	--
Year ended April 30, 1999:				
Allowance for doubtful accounts and sales returns	\$ 450,000	125,000	125,000*	450,000
Reserve for inventory obsolescence	\$ 50,000	--	25,000	25,000

*Represents write-offs and recoveries of accounts receivable.

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INDEPENDENT AUDITORS' REPORT

Dataram Corporation:

Under date of June 6, 2001, we reported on the consolidated balance sheets of Dataram Corporation and subsidiaries as of April 30, 2001 and 2000, and the related consolidated statements of earnings, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended April 30, 2001, as contained in the April 30, 2001 Annual Report to Security Holders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year ended April 30, 2001. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

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

KPMG LLP

KPMG LLP

Short Hills, New Jersey
June 6, 2001

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

Not Applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

Incorporated by reference herein is the information set forth in the Definitive Proxy Statement under the captions "Executive Officers of the Company," "Nominees for Director" and "Section 16 Compliance."

Item 11. Executive Compensation

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

Item 12. Security Ownership of Certain Beneficial Owners and
Management

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

Item 13. Certain Relationships and Related Transactions

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

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PART IV

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

(a) The following documents are filed as part of this report:

1. Financial Statements incorporated by reference into Part II of this Report.
2. Financial Statement Schedule included in Part II of this Report.

(b) Reports on Form 8-K:

1. Current Report on Form 8-K to report under Item 2 an acquisition of certain assets of Memory Card Technology on March 23, 2001.
2. First Amendment to such Current Report to amend the Item 2 description of the purchase consideration and to furnish financial statements of the business acquired and pro forma financial information.

(c) Exhibits:

The Exhibit Index appears on page 18.

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SIGNATURES

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

DATARAM CORPORATION
(Registrant)

Date: July 20, 2001 By: ROBERT V. TARANTINO

Robert V. Tarantino, President

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

Date: July 20, 2001 By: ROBERT V. TARANTINO

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

Date: July 20, 2001 By: RICHARD HOLZMAN

Richard Holzman, Director

Date: July 20, 2001 By: THOMAS A. MAJEWSKI

Thomas A. Majewski,
Director

Date: July 20, 2001 By: BERNARD L. RILEY

Bernard L. Riley, Director

Date: July 20, 2001 By: ROGER C. CADY

Roger C. Cady, Director

Date: July 20, 2001 By: MARK E. MADDOCKS

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

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3(b) By-Laws*

4(a) Credit Agreement with First Union National Bank

4(b) First Amendment to Credit Agreement with First Union National Bank

10(a) 1992 Incentive and Non-Statutory Stock Option Plan*

10(b) Lease

10(d) Savings and Investment Retirement Plan*

10(e) Employment Agreement of Robert V. Tarantino*

10(h) Asset Purchase Agreement with Memory Card Technology A/S**

13(a) 2001 Annual Report to Shareholders

24(a) KPMG LLP Independent Accountant's Consent for S-8 Registration
No. 33-56282

99(a) Earnings Press Release

99(b) Acquisition Press Release

99(c) Consummation of the Acquisition Press Release

* Incorporated by reference from an Annual Report on Form 10-K for the fiscal year ended April 30, 1994.

**Incorporated by reference from a Current Report on Form 8-K with respect to an event which occurred on March 23, 2001

CREDIT AGREEMENT

Dated: April 16, 2001

by and between

FIRST UNION NATIONAL BANK

and

DATARAM CORPORATION

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT (the "Agreement"), dated as of April 16, 2001 between Dataram Corporation, a New Jersey corporation having its chief executive office at 186 Princeton Road West Windsor, NJ 08550 (the "Borrower"), and First Union National Bank, a national banking association with a place of business at 190 River Road, Summit, NJ 07901 (the "Bank");

WITNESSETH:

In consideration of the mutual covenants herein contained and to induce the Bank to extend credit to the Borrower, the parties agree as follows:

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DEFINITIONS

1.1 DEFINED TERMS

"Adjusted LIBO Rate" means, for each Interest Period, an interest rate per annum equal to the product of (a) the Eurodollar Rate in effect for such Interest Period and (1.) Eurodollar Reserves, if any, imposed upon the Bank.

"Affiliate" means with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five percent (5%) or more of the capital stock having ordinary voting power in the election of directors of such Persons, (b) each Person that controls, is controlled by or is under common control with such Person, (c) each of such Person's officers, directors, joint venturers and partners and (d) in the case of the Borrower, the immediate family members, spouses and lineal descendants of individuals who are Affiliates of the Borrower. For the purposes of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of its management

or policies, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" shall have the meaning ascribed to such term on the first page hereof.

"Assignment of Leases" means the Assignment of Leases by the Borrower in favor of the Bank in the form of Exhibit E hereto.

"Bank" means the party identified on the first page hereof as the Bank.

"Borrower" means the party identified on the first page hereof as the Borrower

"Borrower Pledge Agreement" means the Pledge Agreement by the Borrower in favor of the Bank, in the form of Exhibit C hereto.

"Borrower Security Agreement" means the Security Agreement by the Borrower in favor of the Bank, in the form of Exhibit D hereto.

"Borrowing Date" means the Business Day or Working Day on which a Revolving Credit Loan is to be made.

"Business Day" means a day other than a Saturday or Sunday or other day on which the Bank is authorized or required to close under the laws of the State of New Jersey or applicable federal law.

"Capital Expenditures" means for any period, the aggregate of all expenditures (including that portion of Capital Leases which is capitalized in accordance with GAAP on the consolidated balance sheet of a Person) by such Person during that period for any fixed assets, improvements, or replacements, substitutions or additions thereto that have a useful life of more than one (1) year including, without limitation, the direct or indirect acquisition of such assets by way of increased product charges, offset items or otherwise.

"Capitalized Lease" means any lease the obligation for Rentals with respect to which is required to be capitalized on a consolidated balance sheet of the lessee and its subsidiaries in accordance with GAAP.

"Capitalized Rentals" of any Person means as of the date of determination thereof the amount at which the aggregate Rentals due and to be become due under all Capitalized Leases under which such Person is a lessee would be reflected as a liability on a consolidated balance sheet of such Person.

"Change in Control" means the occurrence of an event, or series of events, which shall lead, or has led, to a Person or two or more Persons acting as a partnership, limited partnership, syndicate or other group, within the meaning of Section 13(d) and 14(d) of the Exchange Act (as in effect on the date hereof), becoming the "beneficial owners" (as such term is used in Rule 13D-3 under the Exchange Act (as in effect on the date hereof) of more than 50 percent of the Voting Stock of the Borrower then outstanding.

"Closing Date" means the date of this Agreement.

"Collateral Documents" means all documents and instruments delivered and to be delivered under this Agreement to create, perfect or maintain a security interest in, and/or Lien on, property of the Borrower or any Subsidiary, including, without limitation, the Borrower Pledge Agreement, the Borrower Security Agreement, the Subsidiary Pledge Agreement, the Mortgage and the Assignment of Leases.

"Consolidated EBITDA" means, for the Four Quarter Period immediately preceding the date of determination, Consolidated Net Earnings plus (to the extent deducted in determining Consolidated Net Earnings), (a) Consolidated Interest Charges, (b) depreciation and amortization charges and (c) all provisions for any federal, state or other income taxes made by the

Borrower and its Subsidiaries during such period.

"Consolidated Fixed Charges" means, for the Four Quarter Period immediately preceding the date of determination, the sum of (without duplication) (i) Consolidated Interest Charges and (ii) scheduled payments of principal with respect to Debt of the Borrower and all Subsidiaries during such period.

"Consolidated Interest Charges" means, for any period all interest expense (net of any interest income), including the interest component of Capitalized Rentals, and all amortization of debt discount and expense on any Indebtedness of the Borrower and its Subsidiaries.

"Consolidated Net Earnings Available for Fixed Charges" means for the Four Quarter Period immediately preceding the date of determination, the amount by which (a) the sum of (i) Consolidated Net Earnings plus (ii) Consolidated Interest Charges (to the extent deducted in determining Consolidated Net Earnings), plus (iii) depreciation and amortization charges (to the extent deducted in determining Consolidated Net Earnings), exceeds (1) the sum of (i) Capital Expenditures of the Borrower and Subsidiaries and (ii) dividends or other distributions paid on the Borrower's capital stock in cash or property, and other amounts paid in connection with any purchase, redemption, retirement or other acquisition of any capital stock of the Borrower by the Borrower or any Subsidiary

"Consolidated Tangible Net Worth" means, at any time, the sum (without duplication, and in each case eliminating all offsetting debits and credits between and among the Borrower and its Subsidiaries, and all other items required to be eliminated in the course of the preparation of consolidated financial statements in accordance with GAAP) of

(A) the consolidated stockholders' equity of the Borrower and its Subsidiaries, determined at such time in accordance with GAAP, minus

(B) the net book value of all Intangible Assets of the Borrower and its Subsidiaries, minus

(C) any net gains attributable to cumulative currency translation adjustments (or plus any net losses attributable to such adjustments), minus

(D) minority interests.

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"Consolidated Total Debt" means, as of the date of any determination thereof, the aggregate amount of all outstanding Debt of the Borrower and its Subsidiaries on a consolidated basis.

"Contingent Obligations" means, as to any Person, any obligation of such Person guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (A) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (B) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (C) to purchase property, securities or services primarily for the purpose of assuring the beneficiary of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, (D) for the obligations of a partnership in which such Person is a general partner, or (E) otherwise to assure or hold harmless the beneficiary of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligations shall not include the endorsement of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the Bank in good faith.

"Contractual Obligations" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its assets are bound.

"Credit Facilities" means the Term Loan and the Revolving Credit Facility, collectively.

"Debt" of any Person means, as of the date of determination thereof (without duplication),

(A) all Indebtedness for borrowed money,

(B) obligations secured by any Lien upon property owned by such Person or created or arising under any confidential sale or other title retention agreement with respect to property acquired by such Person, notwithstanding the fact that the rights and remedies of the seller, lender or lessor under any such arrangement in the event of default are limited to repossession or sale of property including obligations secured by Liens arising from the sale or transfer of notes or accounts receivable, but, in all events, excluding trade payables and accrued expenses constituting current liabilities;

(C) Capitalized Rentals;

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(D) reimbursement obligations in respect of credit enhancement instruments including letters of credit (excluding, however, short-term letters of credit and surety bonds issued in commercial transactions in the ordinary course of business);

(E) Contingent Obligations in respect of obligations of other Persons of the character referred to in (A) through (D) above.

"Default Rate" means a rate of two percent (2%) in excess of the Prime Rate.

"Environmental Indemnity Agreement" means that certain environmental indemnity agreement of even date herewith from the Borrower in favor of the Bank, as amended from time to time in accordance with the terms thereof.

"Environmental Laws" means (A) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. 9601 et seq. ("CERCLA"), as amended by the Superfund Amendment and Reauthorization Act of 1986; (B) the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. 6901 et seq.; (C) the New Jersey Spill Compensation and Control Act, as amended, N.J.S.A. 58:10-23.11b et seq.; (D) the New Jersey Industrial Site Recovery Act, formerly known as the Environmental Cleanup Responsibility Act, as amended, N.J.S.A. 13:1K-6 et seq.; (E) the New Jersey Underground Storage of Hazardous Substances Act, N.J.S.A. 58:10A-21 et seq.; (F) the New Jersey Solid Waste Management Act, as amended, N.J.S.A. 13:1E-1 et seq.; (G) the New Jersey Water Pollution Control Act, as amended, N.J.S.A. 58:10A-1 et seq.; and (H) any and all laws, regulations and executive orders, federal, state and local, pertaining to environmental matters, as same may be amended or supplemented from time to time.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"Eurodollar Loan(s)" means any and all Loan(s) which bear interest at the Adjusted LIBO Rate.

"Eurodollar Rate" means the rate of interest (rounded to the next higher 1/100 of one percent (.01%)) for deposits in U.S. Dollars for a maturity equal to the Interest Period therefor which appears on Page 3750 as of 11:00 a.m., London time, on the day that is two (2) Working Days prior to the commencement of such Interest Period. If such rate does not appear on the Page 3750, the rate utilized shall be the rate as determined by the Bank from another recognized source or interbank quotation.

"Eurodollar Reserves" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the applicable statutory reserve requirements (rounded to the next higher 1/100 of

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one percent (.01%) and expressed as a decimal) for the Bank (without duplication, but including basic, supplemental, marginal and emergency reserves), from time to time in effect under Regulation D of the Board of Governors of the Federal Reserve System (or any successor) with respect to eurocurrency funding currently referred to as "Eurocurrency liabilities" in such Regulation D.

"Event of Default" means an event of the nature specified in Article VI hereof; provided, that there has been satisfied any requirement for the giving of notice, the lapse of time or the happening of any further condition, event or act, and "Default" means an event of the nature specified in Article VI hereof whether or not any such requirement has been satisfied.

"Excess Cash Flow" means, for the Borrower for any period, the sum (without duplication) of:

- (a) Net Earnings of the Borrower for such period; plus
- (b) depreciation, amortization and other non-cash charges or losses deducted in determining such Net Earnings for such period; plus
- (c) the amount, if any, by which Net Working Capital of the Borrower decreased during such period; minus
- (d) the amount, if any, by which Net Working Capital of the Borrower increased during such period; minus
- (f) the aggregate principal amount of scheduled payments of Debt by the Borrower during such period.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Four Quarter Period" means a period of four, full, consecutive fiscal quarters of the Borrower, taken together as one accounting period.

"GAAP" means generally accepted accounting principles in existence from time to time in the United States.

"Good Faith Contest" means an active challenge or contest initiated in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP.

"Governmental Body" means any nation or government, any state or other political subdivision thereof; any entity exercising executive, legislative, judicial, regulatory or administrative functions of; or pertaining to government or any court or arbitrator.

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"Guarantor" means Dataram Acquisition Subsidiary, Inc., a New Jersey corporation.

"including" means, unless the context clearly requires otherwise, "including without limitation".

"Indebtedness" of any Person means and includes all obligations of such Person which, in accordance with GAAP, should be classified on a balance sheet of such Person as liabilities of such Person and in any event shall include without duplication:

- (A) obligations of such Person for borrowed money and its redemption obligations in respect of mandatorily redeemable preferred stock

to the extent that such redemption obligations may be required to be satisfied within the term of this Agreement;

(B) obligations of such Person for the deferred purchase price of property acquired by such Person (excluding accounts payable arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(C) obligations secured by any Lien or other charge upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations,

(D) all liabilities appearing on its balance sheet in accordance with GAAP in respect of Capitalized Rentals;

(E) its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money):

(F) Swap Agreements of such Person; and

(G) Contingent Obligations of such Person with respect to liabilities of a type described in any of clauses (A) through (F) hereof.

Indebtedness of any Person shall include all obligations of such Person of the character described in clauses (A) through (G) to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is deemed to be extinguished under GAAP.

"Indemnified Parties" has the meaning ascribed to such term in Section 8.15 hereof.

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"Intangible Assets" means, as of the date of any determination thereof, all assets of the Borrower and its Subsidiaries which are properly classified as "intangible assets" in accordance with GAAP, including goodwill, patents, trade names, trademarks, copyrights, franchises, experimental expense, organization expense, unamortized debt discount and expense, and the excess of cost of shares acquired over book value of related assets.

"Interest Period" means, with respect to any Eurodollar Loan, initially the period commencing on the related Borrowing Date and ending on the numerically corresponding day (or if there is no numerically corresponding day, the last day) in the calendar month that is one (1), two (2), three (3) or six (6) months thereafter, as selected by the Borrower in a notice of borrowing, and thereafter, the period commencing on the last day of the first preceding Interest Period and ending on the numerically corresponding day (or if there is no numerically corresponding day, the last day) in the calendar month that is one (1), two (2), three (3) or six (6) months thereafter, as selected by the Borrower in a notice of continuance of or conversion to a Loan; provided, that if any Interest Period would end on a day which shall not be a Working Day, such Interest Period shall be extended to the next succeeding Working Day unless such Working Day would fall in the next succeeding calendar month in which case the Interest Period shall end on the first preceding Working Day and provided, further, that notwithstanding anything to the contrary, (i) no Interest Period shall extend beyond the Revolving Loan Maturity Date, and (ii) in all cases, no Interest Period shall extend beyond any date on which interest is to be paid for that portion of principal being paid on such date.

"Letter(s) of Credit" means standby or documentary letters of credit hereafter issued from time to time by Bank at the request and for the account of the Borrower in accordance with the terms hereof.

"Letter of Credit Agreement" means the Bank's standard form of letter of credit application and agreement, as the same may change from time to time.

"Letter of Credit Obligations" means the total face amount of all Letters of Credit as outstanding at any time and all obligations of Borrower to reimburse the Bank for any payments by the Bank under any Letters of Credit.

"Lien" means any interest in property securing an obligation owed to or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including the security interest lien arising from a mortgage, encumbrance, charge, pledge, conditional sale or other title retention device or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include, with respect to stock, stockholder agreements, voting trust agreements, buy-back agreements and all similar arrangements affecting property. For the purposes of this Agreement, the Borrower or a Subsidiary shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement, Capitalized Lease or other arrangement pursuant to which title to the property has been

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retained by or vested in some other Person for security purposes and such retention or vesting shall constitute a Lien.

"Loan(s)" means, collectively, Revolving Credit Loans and the Term Loan.

"Loan Documents" means this Agreement, the Revolving Credit Note, the Term Note, the Collateral Documents and other documents executed and delivered by the Borrower hereunder, and any amendments, renewals, modifications or supplements thereto, or substitutions therefor.

"Material Adverse Change" means, as to the Borrower or its Subsidiaries, a material adverse change in the financial condition, operations, business or property of the Borrower and the Subsidiaries taken as a whole. A Material Adverse Change shall be deemed to have occurred if the cumulative effect of such event and/or all other then existing events would result in or create a Material Adverse Change.

"Material Adverse Effect" means a material adverse effect on the business, assets, liabilities, operations, prospects or condition, financial or otherwise of the Company and its Subsidiaries, taken as a whole, or a material impairment of the Company's ability to perform any of its obligations under this Agreement and the Notes.

"Maximum Amount" means Fifteen Million Dollars (\$15,000,000).

"Mortgage" means the Mortgage and Security Agreement of even date herewith between the Borrower and the Bank substantially in the form of Exhibit I hereto.

"Net Earnings" for any Person in any period means the net earnings of such Person (excluding extraordinary items determined in accordance with GAAP) for such period, determined in accordance with GAAP consistently applied, but excluding in any event:

(A) any gains or losses on the sale or other disposition of investments or fixed or capital assets, and any taxes on such excluded gains and any tax deductions or credits on account of any such excluded losses;

(B) the proceeds of any life insurance policy;

(C) net earnings and losses of any Person, substantially all the assets of which have been acquired in any manner by the Borrower, realized by such Person prior to the date of such acquisition;

(D) net earnings and losses of any Person with which the Borrower shall have consolidated or which shall have merged into or with the Borrower prior to the date of such consolidation or merger, and

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(E) earnings resulting from any reappraisal, revaluation or write-up of assets; and "Consolidated Net Earnings" for any period means the Net Earnings of the Borrower and its Subsidiaries (excluding extraordinary items determined in accordance with GAAP) for such period, determined on a consolidated basis in accordance with GAAP consistently applied, but excluding in any event:

(A) net earnings and losses of any Subsidiary accrued prior to the date it becomes a Subsidiary;

(B) net earnings and losses of any Person (other than a Subsidiary), all the assets of which have been acquired in any manner by the Borrower or any Subsidiary, realized by such Person prior to the date of such acquisition

(C) net earnings and losses of any Person (other than a Subsidiary) with which the Borrower or a Subsidiary shall have consolidated or which shall have merged into or with the Borrower or a Subsidiary prior to the date of such consolidation or merger,

(D) any portion of the net earnings of any Subsidiary which for any reason is unavailable for payment of cash dividends to the Borrower or any other Subsidiary; and

(E) any deferred or other credit representing any excess of the equity in any Subsidiary at the date of acquisition thereof over the amount invested in such Subsidiary.

"Net Working Capital" means, for the Borrower at any date, (a) current assets of the Borrower as of such date (excluding cash) minus (b) current liabilities of the Borrower as of such date (excluding current liabilities in respect of Debt of the Borrower).

"Notes" means the Revolving Credit Note and the Term Note, collectively.

"Obligation" or "Obligations" means any and all loans, advances and other financial accommodations made by the Bank prior to, on and after the date of this Agreement to, or on the account of the Borrower (including Revolving Credit Loans, Letters of Credit and the Term Loan), and any and all interest, commissions, obligations, liabilities, indebtedness, charges and expenses direct or indirect, primary, secondary, contingent, joint or several which are due or to become due or that may hereafter be contracted or acquired of the Borrower to the Bank, no matter how or when arising and whether under any present or future agreement or instrument between or among the Borrower and the Bank, or otherwise, and the amount due or to become due upon any

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notes, reimbursement agreement, Swap Agreement, or other obligations given to, or received by, the Bank or on account of any of the foregoing and the performance and fulfillment by the Borrower of all the terms, conditions, promises, covenants and provisions contained in this Agreement and the other Loan Documents, or in any future agreement or instrument between the Borrower and the Bank.

"Page 3750" means the display designated as "Page 3750" on the Dow Jones Markets Service (or such other page as may replace that page on that service for the purpose of displaying London interbank offered rates of major the Banks).

"PBG" means the Pension Benefit Guaranty Corporation.

"Permitted Liens" means (A) Liens for taxes, assessments or governmental charges or levies on property of the Borrower or any Subsidiary if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being diligently contested in good faith and by appropriate proceedings and against which the Borrower or such

Subsidiary has established adequate reserves, (13) Liens imposed by law, such as carriers, warehousemen and mechanics Liens, and Liens incurred in connection with construction or other similar Liens arising in the ordinary course of business provided same are not at the time due and payable, (C) Liens arising out of pledge or deposits under workmen's compensation law, unemployment insurances, old age pension or other social security or retirement benefit or similar legislation, and (I) Liens in favor of the Bank.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government (whether national, federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof). Without limitation, the term "Person" shall include the Borrower.

"Plan" means an employee benefit plan or other plan maintained for employees of the Borrower and covered by Title IV of ERISA.

"Prime Rate" means the rate of interest announced by the Bank from time to time as its prime rate. The Borrower acknowledges that the Bank's Prime Rate is not represented to be the lowest rate of interest offered by the Bank. The rate of interest shall change automatically and immediately as of the date of any change in the Prime Rate, without notice to the Borrower or any endorser, surety or guarantor.

"Prime Rate Loan(s)" means any and all Loan(s) which bear interest based upon the Prime Rate.

"Quick Assets" means, for the Borrower, the sum of (i) cash and cash equivalents of the Borrower, plus (ii) marketable securities of the Borrower, plus (iii) trade and non-trade accounts receivable of the Borrower (net of any reserve therefor),

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plus (iv) the current portion of indebtedness due to the Borrower from its officers, directors, employees, stockholders.

"Rentals" means and includes as of the date of any determination thereof all fixed payments (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Borrower or a Subsidiary, as lessee or sub lessee under a lease of real or personal property.

"Repayment Indemnity" means, with respect to any Eurodollar Loan, any amounts required to compensate the Bank for any losses or expenses which it incurs as a result of any prepayments of such Eurodollar Loan on a date other than the last day of the relevant Interest Period. The amount of such loss or expense shall be determined by the Bank based upon the assumption that the Bank funded 100 percent of such Eurodollar Loans in the London interbank market. The Bank's determination of the Repayment Indemnity shall be conclusive and binding in the absence of manifest error. The amount payable as determined above shall be in addition to any amounts payable under any other Section or Paragraph of this Agreement.

"Reportable Event" has the meaning assigned to such term in Title IV of ERISA, or regulations issued thereunder other than a Reportable Event not subject to the provision for a thirty (30) day notice to the PBGC under such regulations.

"Revolving Credit Facility" means the Revolving Credit Loans in the maximum principal amount of up to the Maximum Amount made available by the Bank pursuant to Section 2.1 hereof and evidenced by the Revolving Credit Note.

"Revolving Credit Loans" means amount(s) loaned by the Bank to the Borrower under the Revolving Credit Facility. Revolving Credit Loan(s) may be Eurodollar Revolving Credit Loans or Prime Rate Revolving Credit Loans.

"Revolving Credit Maturity Date" means April 16, 2004.

"Revolving Credit Note" means that certain revolving credit note substantially in the form of Exhibit A hereto dated the date hereof issued by the Borrower evidencing the Revolving Credit Facility and any note replacing such revolving note.

"Subsidiary" means any company at least 51% of the total combined voting power of all classes of Voting Stock (in the case of a corporation) or other equity interests (in the case of any company which is not a corporation) of which shall, at the time as of which any determination is being made, be owned by the Borrower either directly or through any such company.

"Subsidiary Guaranty" means the non-recourse Guaranty by Dataram Acquisition Subsidiary, Inc. in favor of the Bank, in the form of Exhibit G hereto.

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"Subsidiary Pledge Agreement" means the Pledge Agreement by Dataram Acquisition Subsidiary, Inc. in favor of the Bank, in the form of Exhibit H hereto

"Swap Agreement(s)" means any ISDA Master Agreement(s) entered into among the Borrower or any Subsidiary and the Bank, including the Schedule(s) and all Confirmations (as such terms are defined in the ISDA Master Agreement(s)), and any interest rate or foreign currency swap agreements or similar instruments made after the Closing Date by the Borrower or any Subsidiary.

"Term Loan" - - means the term loan made by the Bank to the Borrower on the Closing Date in the original principal amount of \$10 Million.

"Term Loan Maturity Date" means March 31, 2006.

"Term Note" means that certain term note substantially in the form of Exhibit B hereto dated the date hereof issued by the Borrower evidencing the Term Loan and any note replacing such term note.

"Transfer" means, with respect to any property (including capital stock), the sale, exchange, conveyance, lease, transfer or other disposition of such property.

"Uniform Commercial Code" means the Uniform Commercial Code as adopted and in effect from time to time under the laws of the State of New Jersey.

"Voting Stock" means, with respect to any corporation, any shares of stock of such corporation whose holders are entitled under ordinary circumstances to vote for the election of directors of such corporation (irrespective of whether at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"Wholly-Owned Subsidiary" means, at any time, any Subsidiary one hundred percent (100%) of which all of the equity interests (except shares required as directors' qualifying shares) and voting interests of which are owned by any one or more of the Borrower and the Borrower's other Wholly-Owned Subsidiaries at such time.

"Working Day" means a Business Day on which currencies are traded in the London interbank market.

1.2 INTERPRETATION AND CONSTRUCTION

(A) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Agreement, refer to this Agreement in its entirety and not any particular Article, section or paragraph, and the term "hereafter" means after, and the term "heretofore" means before, the date of delivery of this Agreement;

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(B) Words importing a particular gender mean and include every other gender, and words importing the singular number mean and include the plural number and vice versa.

(C) All accounting terms used herein and not otherwise defined shall be defined in accordance with GAAP.

II

CREDIT FACILITIES

2.1 REVOLVING CREDIT FACILITY

(A) Availability. Subject to the terms and conditions hereinafter set forth, and provided that no Default or Event of Default shall have occurred and be continuing or would result from the making of any Revolving Credit Loan or the issuance of any Letter of Credit, from time to time hereafter until the Revolving Credit Maturity Date, the Bank shall extend credit to the Borrower by (i) making Revolving Credit Loans (and the Borrower may borrow, repay and reborrow such amounts on the terms and conditions hereinafter set forth); and (ii) issuing Letters of Credit; provided, that (i) at no time shall the total amount of Letter of Credit Obligations exceed Two Million Dollars (\$2, 000,000), and (ii) at no time shall the total principal amount of Revolving Credit Loans then outstanding plus the total amount of Letter of Credit Obligations exceed the Maximum Amount.

(B) Requests for Revolving Credit Loans. The Borrower shall provide the Bank with at least one (1) Business Day's oral notice of any requested Prime Rate Revolving Credit Loan and three (3) Working Day's oral notice of any requested Eurodollar Revolving Credit Loan, specifying (A) the Borrowing Date and amount, and (B) whether the Revolving Credit Loan is to be an Eurodollar Revolving Credit Loan or a Prime Rate Revolving Credit Loan, and, if an Eurodollar Revolving Credit Loan, the Interest Period, which shall be one, two, three or six months, which oral notice shall be promptly confirmed in writing by the Borrower (provided, that the Bank may rely and act upon telephonic notice whether or not such written confirmation is ultimately received). The Bank shall, on or after 2:00 P.M. (New Jersey time) of the Borrowing Date, make the amount of the requested Revolving Credit Loan available to the Borrower by crediting the Borrower's deposit accounts maintained at the Bank; provided, all conditions precedent to such Revolving Credit Loan have been met or satisfied. Each Revolving Credit Loan requested hereunder for less than the full amount available under the Revolving Credit Facility shall be in the minimum amount of \$100,000.00 or any multiple thereof. In no event shall the Borrower have more than ten (10) Eurodollar Revolving Credit Loans outstanding at any one time.

(C) Procedures for Letters of Credit.

(i) Issuance of Letters of Credit. Until the Revolving Loan Maturity Date, and provided that no Default or Event of Default shall have occurred and

be continuing or would result from the issuance of a Letter of Credit and subject to the limitations of Section 2.1(A), the Bank shall issue Letters of Credit for the account of Borrower on the terms hereinafter set forth. No Letter of Credit shall (A) have a term beyond 180 days or (B) extend beyond the Revolving Credit Maturity Date. Each of the Letters of Credit shall be issued in a form reasonably satisfactory to the Bank and pursuant to the Letter of Credit Agreement. The terms and conditions of any Letter of Credit Agreement are hereby incorporated herein by reference as if fully set forth at length. In the event any of the terms of any Letter of Credit Agreement expressly conflict with any of the terms of this Agreement, the terms of this Agreement shall govern. Borrower shall pay to the Bank any and all fees imposed by the Bank for all customers in connection with the

issuance of Letters of Credit.

(ii) Payments under Letters of Credit and Reimbursement by Borrower. In the event of a drawing under any Letter of Credit and payment by the Bank, Borrower shall immediately reimburse the Bank therefor, which reimbursement may be made by a charge against Borrower's account(s) maintained at the Bank; provided, however that the Borrower may, subject to the conditions to Revolving Credit Loans set forth in this Agreement, request in accordance with Section 2.1(13) that such reimbursement be financed with a Revolving Credit Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Revolving Credit Loan. In the event that Borrower shall not so reimburse the Bank, or obtain a Revolving Credit Loan, as provided above, such failure shall be an Event of Default and, in addition to any other right or remedy available to the Bank, Borrower shall pay to the Bank interest on the amount of such payment from the date of such payment by the Bank through and including the date of such reimbursement by Borrower at the Default Rate computed on the basis of the actual number of days elapsed over a year of 360 days.

(iii) Letter of Credit Obligations Absolute. Borrower's obligations to make payments to the Bank in order to reimburse payments by the Bank on Letters of Credit as provided above shall be absolute and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement and each Letter of Credit Agreement, under any and all circumstances whatsoever, and irrespective of:

(1) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein;

(2) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Loan Document to which the Bank is not a party;

(3) the existence of any claim, setoff; defense or other right that Borrower or any other party guaranteeing, or otherwise obligated with, Borrower, any Subsidiary or other Affiliate thereof or any other person may at any time have against the beneficiary under any Letter of Credit, the Bank or any other Person,

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whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction;

(4) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; and

(5) any other act or omission to act or delay of any kind of the Bank, or any other person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this section, constitute a legal or equitable discharge of Borrower's obligations hereunder.

Notwithstanding the foregoing, it is expressly understood and agreed that Borrower has not waived any rights it may have or be entitled to assert in the event of the Bank's gross negligence or willful misconduct (other than any claim seeking consequential damages, claims in respect of which are hereby waived by Borrower). It is understood that the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notices or information to the contrary and, in making any payment under any Letter of Credit (i) the Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any drafts presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals (but does not exceed) the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any noncompliance in any immaterial respect of the

documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute willful misconduct or gross negligence of the Bank.

(iv) Outstanding Letter of Credit Obligations. Upon an Event of Default, the full amount of all Letter of Credit Obligations shall be deemed to increase the principal amount deemed outstanding under the Revolving Credit Facility and evidenced by the Revolving Credit Note (and any unpaid interest thereon and any unpaid letter of credit fees shall be deemed principal under the Revolving Credit Facility) for all purposes hereunder and under the Collateral Documents; provided, however, if any such Letter of Credit thereafter expires without being drawn upon, the amount thereof shall reduce the principal amount deemed outstanding under the Revolving Credit Facility (as previously increased pursuant to this subsection).

(D) Interest on Revolving Credit Loans.

(1) The Borrower shall pay to the Bank interest

(a) on all Eurodollar Revolving Credit Loans, on the last day of each Interest Period and, in the case of Eurodollar Revolving Credit Loans having a six-month Interest Period on the last Business Day of the third month of such six-month Interest Period, until all Revolving Credit Loans are paid in full, and

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(b) on all Prime Rate Revolving Credit Loans, on the last Business Day of each month until all Prime Rate Revolving Credit Loans are paid in full.

Interest on Revolving Credit Loans shall be computed on the basis of a 360 day year, for the actual number of days elapsed, on the daily unpaid balance of all Revolving Credit Loans, at the rate of (i) for Eurodollar Revolving Credit Loans, the Adjusted LIBO Rate plus one and three quarters percent (1.75%), and (ii) for Prime Rate Revolving Credit Loans, the Prime Rate less one-half of one percent (.50%) (the "Adjusted Prime Rate").

(2) The Borrower's notice to the Bank of a request for an Revolving Credit Loan shall be provided

(a) (i) as to any Eurodollar Revolving Credit Loan which is to be continued as such for the next Interest Period, not less than three (3) Working Days prior to the end of the then pending Interest Period, or (ii) as to any Prime Rate Revolving Credit Loan which is to be converted to a Eurodollar Revolving Credit Loan, not less than three (3) Working Days prior to the commencement of the Interest Period for such Eurodollar Revolving Credit Loan, and

(b) as to any Eurodollar Revolving Credit Loan which is to be converted to a Prime Rate Revolving Credit Loan, one (1) Business Day prior to the end of the then pending Interest Period.

Conversions of Eurodollar Revolving Credit Loans shall only be made (a) on the last day of the Interest Period applicable thereto, (1) on a Working Day and (c) if no Default or Event of Default has occurred and is continuing. If no notice is provided by the Borrower as to any Eurodollar Revolving Credit Loan prior to the end of the then pending Interest Period, such Eurodollar Revolving Credit Loan shall, at the end of the Interest Period, automatically become a Prime Rate Revolving Credit Loan.

(3) In the event of a change in the Prime Rate, the rate of interest on Prime Rate Revolving Credit Loans shall be changed accordingly as of the date of the change in the Prime Rate, without notice to the Borrower.

(E) Amortization/Optional Prepayments of Revolving Credit Loans.

(1) Amortization. The aggregate outstanding principal amount of the Revolving Credit Facility shall be evidenced by the Revolving Credit Note. The unpaid principal amount of all Revolving Credit Loans under the

Revolving Credit Facility shall be payable on the Revolving Credit Maturity Date or, if earlier, the date on which the Bank shall have declared such Revolving Credit Loans to be due and payable pursuant to Section 7.1.

(2) Optional Prepayments.

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(i) Eurodollar Revolving Credit Loans. The Borrower shall have the option to prepay any Eurodollar Revolving Credit Loan or portion thereof on the last day of the relevant Interest Period; provided, that (i) the Borrower shall provide the Bank with one (1) Business Day's prior written notice of its intent to so prepay, (ii) the Borrower shall pay to the Bank the amount prepaid together with accrued interest to the date of such payment on the amount prepaid, and (iii) each partial prepayment shall be in a principal amount of not less than \$100,000.00 or any multiple thereof. In the event any Eurodollar Revolving Credit Loan is for any reason prepaid (by acceleration or otherwise) on the day which is not the end of an Interest Period, the Borrower shall, upon written demand by the Bank, pay to the Bank the Repayment Indemnity with respect to such prepayment.

(ii) Prime Rate Revolving Credit Loans. The Borrower shall have the option to prepay a Prime Rate Revolving Credit Loan or portion thereof at any time without penalty; provided, that (i) the Borrower shall provide the Bank with one (1) Business Day's prior written notice of its intent to so prepay, (ii) the Borrower shall pay to the Bank the amount prepaid together with accrued interest to the date of such payment on the amount prepaid, and (iii) each partial prepayment of any Prime Rate Revolving Credit Loan shall be in a principal amount of not less than \$100,000.00 or any multiple thereof.

(F) Mandatory Repayment. If the aggregate outstanding principal amount of all Revolving Credit Loans plus the Letter of Credit Obligations at any time exceeds the Maximum Amount or the other limitations set forth in Section 2.1(A), the Borrower shall immediately pay to the Bank the amount of such excess.

2.2 TERM LOAN FACILITY

(A) Term Loan. Subject to the terms and conditions hereof, the Bank agrees to make a term loan (the "Term Loan") on the Closing Date to the Borrower in the original principal amount of \$10 Million. The Term Loan shall be evidenced by the Term Note, and the Borrower shall execute and deliver the Term Note to the Bank. The Term Note shall represent the obligation of the Borrower to pay the amount of the Term Loan, together with interest thereon as prescribed in Section 2.2(B).

(B) Interest on Term Loan. The Borrower shall pay interest on the outstanding unpaid principal amount of the Term Loan at a per annum rate of interest equal to the Adjusted LIBO Rate for 90-day maturities plus one and nine-tenths percent (1.9%) computed on the basis of a 360 day year, for the actual number of days elapsed. Accrued interest on the Term Loan shall be due and payable monthly in arrears on the last Business Day of each month.

(C) Amortization. The principal amount of the Term Loan shall amortize and be payable in equal quarterly installments of principal of \$500,000 for each calendar quarterly installment, such quarterly installments being due and payable commencing on the last Business Day of June, 2001 and continuing on the last Business

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Day of each September, December, March and June thereafter through the Term Loan Maturity Date. Any remaining balance of the Term Loan shall be due and payable, together with any other amounts of unpaid principal and accrued interest thereon, on the Term Loan Maturity Date.

(D) Optional Prepayments. The Borrower shall have the option to prepay the outstanding principal amount of the Term Loan or portion thereof

on the last day of the relevant Interest Period, provided that (i) the Borrower shall provide the Bank with thirty (30) days' prior written notice of its intent to so prepay, (ii) the Borrower shall pay to the Bank the amount prep aid together with accrued interest to the date of such payment on the amount prepaid, and (iii) each partial prepayment shall be in a principal amount of not less than \$100,000 or any multiple thereof. In the event all or any portion of the Term Loan is for any reason prepaid (1,y acceleration or otherwise) on the day which is not the end of an Interest Period, the Borrower shall, upon written demand by the Bank, pay to the Bank the Repayment Indemnity with respect to such prepayment. Any prepayments shall be applied first to accrued but unpaid interest, and then to principal installments (including, balloon payments, if any) in the inverse order of their maturities. Any amounts so prepaid may not be reborrowed.

(E) Mandatory Prepayments. Not later than 90 days after the end of each fiscal year of the Borrower commencing with the fiscal year ending April 30,2002, the Borrower shall make a prepayment of the Term Loan in an amount equal to one-half of Excess Cash Flow for such fiscal year.

2.3 AVAILABILITY

(A) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation by any central bank or other governmental authority charged with the administration or interpretation thereof shall make it unlawful, or any central bank or other governmental authority shall assert that it is unlawful, for the Bank to perform its obligations hereunder (i) to make Eurodollar Revolving Credit Loans, (ii) to continue to fund or maintain Eurodollar Revolving Credit Loans hereunder or (iii) to maintain the rate of interest on the Term Loan based upon the Adjusted LIBO Rate, then, on notice thereof and demand therefor by the Bank to the Borrower, the obligation of the Bank to make any such Eurodollar Revolving Credit Loans or to continue the Term Loan at an interest rate based upon the Adjusted LIBO Rate shall terminate and, if the foregoing clauses (ii) and/or (iii) is applicable, the Borrower shall, upon prior notice to the Bank, either (A) forthwith repay in full any such Eurodollar Revolving Credit Loans then outstanding and the outstanding principal balance of the Term Loan, together with interest accrued thereon and the Repayment Indemnity(ies) or (B) forthwith convert any such Eurodollar Revolving Credit Loans then outstanding into Prime Rate Revolving Credit Loans, convert the interest rate applicable to the outstanding principal balance of the Term Loan to the Adjusted Prime Rate and pay to the Bank the Repayment Indemnity. If no such notice is received by the Bank within three (3) Working Days of the prior demand by the Bank, Borrower will be deemed to have made the election to convert any such Eurodollar Revolving Credit Loans then outstanding into Prime Rate Revolving Credit Loans and to

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convert the interest rate applicable to the outstanding principal balance of the Term Loan to the Adjusted Prime Rate as of the fourth day following such demand.

(B) If, with respect to any Interest Period, the Bank determines that (i) extraordinary circumstances affecting the relevant market make it impracticable to ascertain the interest rate applicable for such Interest Period or (ii) the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to the Bank of making or maintaining the Credit Facilities during such Interest Period, the Bank shall promptly notify Borrower of such determination and no additional Eurodollar Revolving Credit Loans shall be made nor shall there be any conversions thereto until such notice is withdrawn. If any Eurodollar Revolving Credit Loan and any principal balance of the Term Loan is outstanding on the date of such notice and such notice has not been withdrawn on the last day of the then current Interest Period applicable thereto, Borrower shall on the last day of such Interest Period either convert such Eurodollar Revolving Credit Loan to a Prime Rate Revolving Credit Loan and convert the interest rate applicable to the outstanding principal balance of the Term Loan to the Adjusted Prime Rate or prepay the outstanding principal balance of each such Credit Facility and accrued interest thereon in full. If no such

notice is received by the Bank at least one (1) Business Day prior to the last day of such Interest Period, Borrower will be deemed to have made the election to convert any such Eurodollar Revolving Credit Loans then outstanding into Prime Rate Revolving Credit Loans and to convert the interest rate applicable to the outstanding principal balance of the Term Loan to the Adjusted Prime Rate.

2.4 FEES

(A) Commencing on June 30, 2001 and on the last Business Day of each March, June, September and January thereafter, and on the Revolving Credit Maturity Date, the Borrower shall pay the Bank quarterly in arrears a fee on the unused portion of the Revolving Credit Facility equal to one quarter of one percent (0.25%) of the average daily unused portion of the Revolving Credit Facility.

(B) On the date hereof; the Borrower shall pay to the Bank the unpaid balance of the \$50,000 Facility Fee payable by the Borrower to the Bank in consideration of the making of the Term Loan.

(C) The Borrower shall pay Letter of Credit fees to the Bank in connection with the issuance and maintenance of Letters of Credit in such amounts as the Bank and the Borrower shall agree from time to time.

2.5 MANNER OF PAYMENT

(A) Payments of principal and interest to be made by Borrower with respect to the Notes shall be made to the Bank at the Bank's address specified in Section 8.10 in immediately available funds in currency of the United States of America. The Bank shall be entitled to charge any of the payments owing to the Bank hereunder or under any Loan Document to any account(s) of Borrower maintained at the Bank.

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(B) Whenever any payment to be made hereunder or under any note issued hereunder shall be stated to be due on other than a Working Day (in the case of Eurodollar Revolving Credit Loans) or a Business Day (in the case of Prime Rate Revolving Credit Loans), such payment may be made on the next succeeding Working Day (in the case of Eurodollar Revolving Credit Loans) or Business Day (in the case of Prime Rate Revolving Credit Loans), unless, solely in the case of Eurodollar Revolving Credit Loans, such next succeeding Working Day, falls in the next succeeding month, in which case, such payment shall be made on the next preceding Working Day. Any such alteration of time shall, in such case, be included in the computation of payment of interest. All payments (including prepayments) made by the Borrower hereunder and under the Revolving Note shall be made without set-off or counterclaim and shall be made prior to 1:00 p.m. New Jersey time) on the date such payment is due. The failure of the Borrower to make any such payment by 1:00 p.m. (New Jersey time) on such due date shall not constitute a Default or Event of Default hereunder; provided, that such payment is made on such due date, but any such payment received by the Bank on any Working Day or Business Day, as applicable, after 1:00 p.m. New Jersey time) shall be deemed to have been received on the immediately succeeding Working Day or Business Day, as applicable, for the purpose of calculating any interest payable in respect thereof.

(C) No prepayments shall in any way alter or suspend any Obligations of the Borrower under the terms of this Agreement and the other Loan Documents and the Borrower shall continue to perform and be responsible for the performance of all terms and provisions of this Agreement and the other Loan Documents.

2.6 LATE CHARGES

In the event that any regularly scheduled payment of principal, interest or other amounts due hereunder shall not be received by the Bank within five (5) days of the due date, the Borrower shall pay to the Bank a late charge of five percent (5%) of the overdue payment. Any such late charge assessed shall be due and payable upon billing or demand.

2.7 USE OF PROCEEDS

The proceeds of the Revolving Credit Loans and Letters of Credit shall be used by the Borrower for working capital. The proceeds of the Term Loan shall be used by the Borrower to repay existing indebtedness.

2.8 CONDITIONS TO EXTENSION OF CREDIT FACILITIES

The obligation of the Bank to make the Term Loan and the first Revolving Credit Loan, and continue the Revolving Credit Facility hereunder is subject to the satisfaction of the following conditions precedent:

(A) Documents. The Bank shall have received the duly executed Revolving Credit Note and Term Note, each conforming to the requirements hereof; and

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not less than four (4) copies of this Agreement and all other Loan Documents, each executed on behalf of the Borrower or the Guarantor by its duly authorized officers.

(B) Deliveries by the Borrower. The Borrower shall have delivered or caused to be delivered to the Bank or the Bank shall have received, the following items, each of which shall be in form and substance satisfactory to the Bank:

(1) Legal Opinions. Opinion of Messrs. Dillon, Bitar & Luther, counsel for the Borrower, dated the date hereof and addressed to the Bank, with respect to matters relating to this Agreement and the other Loan Documents as reasonably required by the Bank.

(2) Corporate Proceedings. Resolutions of the board of directors and shareholders (if necessary) of the Borrower certified on the date hereof by the Secretary or Assistant Secretary of the Borrower authorizing, as applicable, (a) the execution, delivery and performance of this Agreement and all of the other Loan Documents; (1,)the consummation of the transactions contemplated hereby and thereby; and (c) the borrowings and other matters contemplated in the Loan Documents. Such certificate shall state that the resolutions set forth therein have not been amended, modified, revoked or rescinded as of the date of such certificate and are in full force and effect as of the Closing Date.

(3) Incumbency Certificate. A certificate of the Secretary or Assistant Secretary of the Borrower, dated the date hereof; as to the incumbency and signature of the officers executing each of the Loan Documents and any other document to be delivered pursuant to any of such documents, together with evidence of the incumbency of such Secretary or Assistant Secretary.

(4) Officer's Certificate. A certificate of the Chief Financial Officer of the Borrower stating that to the best of his/her knowledge after diligent investigation: (a) as of the date hereof and giving effect to the Term Loan and the Revolving Credit Facility and Revolving Credit Loans thereunder no Default or Event of Default exists hereunder; and(b) all of the Borrower's representations and warranties contained in this Agreement and the other Loan Documents are presently true and correct.

(5) Consents. Licenses. Approvals. etc. Copies of all consents, licenses and approvals required in connection with the execution, delivery, performance, validity and enforceability of this Agreement, the Notes and the other Loan Documents.

(6) Searches: Lien Perfection. Copies of written or other advice relating to such corporate standing, financing statement, tax lien, judgment and litigation searches as the Bank may require, and such evidence as the Bank may require that the Liens created pursuant to the Collateral Documents are fully perfected..

(7) Supporting Documents. (a) A copy of the Certificate/Articles of Incorporation of the Borrower and the Guarantor, certified by the

Secretary of State or Department of Treasury of the jurisdiction(s) of organization of the Borrower and the Guarantor; (b) a certificate of such Secretary of State or Department of Treasury, dated as of a recent date, as to the good standing of the Borrower and the Guarantor and attaching the organizational documents of the Borrower and the Guarantor on file in the office of such Secretary of State or Department of Treasury, together with a certificate of the Secretary of State of each jurisdiction where the Borrower and the Guarantor is conducting business outside of its jurisdiction of incorporation, dated as of a recent date, as to the good standing and authorization to do business of the Borrower and the Guarantor in such jurisdiction(s); and (c) a certificate of the Secretary or Assistant Secretary of the Borrower and the Guarantor dated the Closing Date and certifying with respect to the Borrower and the Guarantor that attached thereto are true and complete copies of the By-laws of the Borrower and such Guarantor as in effect on the date of such certification, and that the Certificate/Articles of Incorporation of the Borrower and the Guarantor has not been amended since the date of the last amendment thereto indicated on the certificate of the Secretary of State or Department of Treasury furnished pursuant to clause (a) above.

(8) Fees/Costs/Taxes. The Borrower shall have paid (i) all of the fees and expenses of the Bank and the Bank's counsel which are occasioned in connection with the preparation of this Agreement and all other Loan Documents and the closing of the transactions contemplated hereby and thereby, and (ii) all filing, recording, title insurance premiums, documentary and/or mortgage taxes and any other fees, expenses and taxes then due in connection herewith and therewith.

(9) Insurance. Evidence of the insurance required to be in effect as set forth in this Agreement and the other Loan Documents.

(10) Accountant's Reliance Letter. A reliance letter from the accountants for the Borrower as to current financial statements of the Borrower.

(11) [Intentionally Omitted]

(12) Other Documents and Additional Information. All other documents provided for herein and such additional information, materials and documents which the Bank may reasonably require.

2.9 CONDITIONS TO ALL REVOLVING CREDIT LOANS

The obligation of the Bank to make any Revolving Credit Loan, issue a Letter of Credit or extend any other financial accommodations is subject to fulfillment of the following additional conditions precedent, to the satisfaction of the Bank:

(A) Representations and Warranties. The representations and warranties made by the Borrower herein or in any other of the Loan Documents or which are contained in any certificate, document or financial or other statement furnished at any time under or in connection herewith shall be correct in all material respects on and as of the date of each Revolving Credit Loan or issuance of Letter(s) of Credit, after giving

effect to such Revolving Credit Loan or issuance of Letter(s) of Credit as if made on and as of such date.

(B) No Default. No Default or Event of Default shall have occurred and be continuing.

2.10 REGULATORY CAPITAL REQUIREMENTS

If any existing or future law or regulation or the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof; or compliance by the Bank with any request

or directive (whether or not having the force of law) of any such authority, results in any increases after the date hereof in any capital maintenance, capital ratio or similar requirement against loan commitments made by the Bank and the result thereof is to impose upon the Bank or increase any capital requirement applicable to the Bank as a result of the making or maintenance of the Revolving Credit Loans or the Term Loan available hereunder (which imposition of or increase in capital requirement may be determined by the Bank's reasonable allocation of the aggregate of such capital impositions or increases) then, upon demand by the Bank, Borrower shall immediately pay to the Bank from time to time as specified by the Bank an amount which shall be sufficient to compensate the Bank for such imposition of or increase in capital requirements together with interest on each such amount from the date demanded until payment in full thereof at the Default Rate. A certificate setting forth in reasonable detail the amount necessary to compensate the Bank as a result of an imposition of or increase in capital requirements submitted by the Bank to the Borrower shall be conclusive, absent manifest error or bad faith, as to the amount thereof.

2.11 EXCESS REVOLVING CREDIT LOANS

In the event the Bank shall make Revolving Credit Loan(s) an amount in excess of the Maximum Amount or if the Borrower should directly or indirectly become indebted to the Bank under this Agreement in an amount which, together with all Revolving Credit Loans and other Credit Facilities made pursuant to this Agreement, is in excess of the aggregate amount set forth in this Agreement, such Revolving Credit Loans shall nevertheless be covered by the terms of this Agreement.

2.12 REQUIREMENTS OF LAW

If, after the date hereof; the adoption of any law, regulation, treaty, or directive or any change therein or in the interpretation or application thereof or compliance by the Bank with any request or directive (whether or not having the force of law) from any central bank or other governmental authority, agency or instrumentality:

(A) does or shall subject the Bank to any tax of any kind whatsoever with respect to this Agreement, any Revolving Credit Loans or the Revolving Credit Facility, or change the basis of taxation of payments to the Bank of principal,

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commitment fee, interest or any other amount payable hereunder (except for changes in the rate of any tax presently imposed on the Bank);

(B) does or shall impose, modify, or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of; advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of the Bank which are not otherwise included in the determination of Adjusted LIBO Rate hereunder; or

(C) has or would have the effect of reducing the rate of return on the Bank's capital as a consequence of its obligations hereunder to a level below that which the Bank could have achieved but for such adoption, change or compliance (taking into consideration the Bank's policies with respect to capital adequacy); or

(D) does or shall impose on the Bank any other condition; and the result of any of the foregoing is to increase the cost to the Bank of making, renewing or maintaining advances or extensions of credit to the Borrower or to reduce any amount receivable from the Borrower thereunder or to reduce the rate of return on the Bank's capital, then, in any such case, the Borrower shall promptly pay to the Bank, upon its demand, any additional amounts necessary to compensate the Bank for such additional cost or reduced amount receivable or reduced rate of return which the Bank deems to be material, as determined by the Bank, with respect to this Agreement, any Revolving Credit Loans or the Revolving Credit Facility. If the Bank becomes entitled to claim any additional amounts pursuant to this Section 2.11, it shall promptly notify the Borrower of the event by reason of which

it has become so entitled, but any failure on the part of the Bank to provide such notice to the Borrower shall not relieve the Borrower of its obligations under this Section 2.11 unless the Bank shall fail to provide such notice to the Borrower within one hundred eighty (180) days after the occurrence of such event, in which case the Borrower shall have no obligation to pay such amount or any interest on such amount. A certificate setting forth calculations as to any additional amounts payable pursuant to the foregoing sentence submitted by the Bank to the Borrower shall be conclusive in the absence of manifest error or bad faith.

2.13 SALE, ASSIGNMENT OR PARTICIPATIONS

The Bank may from time to time sell or assign, in whole or in part, or grant participations in some or all of the Loan Documents and/or the obligations evidenced thereby, subject to the consent of the Borrower with respect to any assignee, such consent not to be unreasonably withheld, provided that the consent of the Borrower shall not be required (A) if an Event of Default shall have occurred and be continuing, or (13) in the case of an assignment by the Bank to an Affiliate of the Bank. The holder of any such sale, assignment or participation, if the applicable agreement between the Bank and such holder so provides, (i) shall be entitled to all of the rights, obligations and benefits of the Bank, and (ii) shall be deemed to hold and may exercise the rights of setoff or banker's lien with respect to any and all obligations of such holder to the Borrower, in each case as fully as though the Borrower or such Subsidiary were directly indebted to such holder. The Bank shall give notice to the Borrower of such sale or

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assignment; however, the failure to give such notice shall not affect any of the Bank's or such holder's rights hereunder.

III

REPRESENTATIONS AND WARRANTIES

To induce the Bank to enter into this Agreement and to make the Term Loan and the first Revolving Credit Loan, and to extend and continue the Revolving Credit Facility hereunder, the Borrower represents and warrants to the Bank that:

3.1 GOOD STANDING

Schedule 3.1 sets forth

- (A) the jurisdiction of organization of the Borrower;
- (B) all other jurisdictions in which the Borrower is authorized to transact business or maintain any assets (with the addresses of same), in all of which the Borrower is in good standing;
- (C) any prior changes in the structure of the Borrower, such as mergers, consolidations and the like;
- (D) any prior name changes of the Borrower;
- (E) all trade names or trade styles under which the Borrower conducts business or issue invoices; and
- (F) all Subsidiaries of the Borrower and the percentage of stock or other ownership interest thereof owned by the Borrower or Affiliates of the Borrower.

3.2 CORPORATE ORGANIZATION AND AUTHORITY

The Borrower and all Subsidiaries are duly organized and validly existing entities. The Borrower and all Subsidiaries have the requisite power and authority to own their property and to carry on their business as now conducted, and are in good standing and authorized to do business in

each jurisdiction in which its business is conducted, except where the failure to be in good standing or so authorized could not reasonably be expected to have a Material Adverse Effect. The Borrower has the power to execute, deliver and carry out this Agreement and all other Loan Documents and the board of directors of the Borrower has duly authorized and approved the terms of the Revolving Credit Facility, the taking of any and all action contemplated herein and therein and this Agreement and all other Loan Documents constitute the valid and binding obligations of the Borrower, enforceable in accordance with their terms. No consent or approval of; or exemption by, the shareholders of the Borrower, any Governmental Body or any other Person is required to authorize, or is otherwise required in connection with the execution,

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delivery and performance of; this Agreement or the other Loan Documents, or is required as a condition to the validity or enforceability of this Agreement or the other Loan Documents.

3.3 COMPLIANCE WITH LAW; NO CONFLICT; MARGIN REGULATIONS

(A) The Borrower and each Subsidiary is in compliance with all laws, rules and regulations to which they are subject and have all licenses, certificates, permits, approvals and franchises and other governmental authorizations necessary to own their properties and to conduct their businesses, except to the extent that the failure to comply therewith or to have any such licenses, certificates, permits, approvals, franchises and other governmental authorizations could not reasonably be expected to have a Material Adverse Effect.

(B) The execution of this Agreement and the other Loan Documents and the performance by the Borrower of its Obligations hereunder and thereunder, do not violate any existing law or regulation or any writ or decree of any court or Governmental Body or the charter, by-laws, operating agreement or partnership agreement of the Borrower or any agreement or undertaking to which the Borrower is a party or by which it or its assets are bound, in each case which individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.

(C) Neither the making of any Loan hereunder, nor the use of the proceeds thereof, will violate the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System and no part of the proceeds of any Loan will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock.

3.4 NO LITIGATION

There are no judgments against the Borrower as of the date of this Agreement and, except as set forth on Schedule 3.4 annexed hereto, no litigation or administrative proceeding before any Governmental Body is presently pending, or to the knowledge of the Borrower, threatened, against the Borrower or any of its property which (i) questions the validity or legality of the transactions contemplated by this Agreement, or (ii) if adversely determined could reasonably be expected to have a Material Adverse Effect.

3.5 FINANCIAL STATEMENTS; NO FINANCIAL CHANGE

(A)

(i) The Borrower has heretofore delivered to the Bank copies of its consolidated financial statements as of and for the fiscal year ended April 30, 2000, as included in the Borrower's report on Form 10-K dated July 27, 2000, and for the quarter ended January 31, 2001, as included in the Borrower's report on Form 10-Q dated March 6, 2001. Such financial statements present fairly, in all material respects, the

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consolidated financial condition and the results of operations of the Borrower and Subsidiaries as of such dates in accordance with GAAP, subject, in the case of such statements for the quarter ended January 31, 2001, to year-end audit adjustments and the absence of footnotes. Neither the Borrower nor any of its Subsidiaries has any material Contingent Liabilities, liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph.

(ii) The Borrower has heretofore delivered to the Bank copies of the "Dataram International Consolidated Opening Balance Sheets" showing the consolidated financial condition of Dataram International ApS as of March 15, 2001. Such financial statements present fairly, in all material respects, the consolidated financial condition of the Dataram International ApS and Subsidiaries as of March 15, 2001 in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes. Neither Dataram International ApS nor any of its Subsidiaries has any material Contingent Liabilities, liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the Dataram International Consolidated Opening Balance Sheets.

(B) There has been no Material Adverse Change since January 31, 2001, and the information contained in the statements and reports described in the foregoing paragraph (A) do not contain any material misstatement of fact or omit to state any facts necessary to make the statements contained therein not misleading.

3.6 TAX COMPLIANCE

The Borrower has filed, or caused to be filed, all tax returns required to be filed and has paid all taxes shown to be due and payable on said return or on any assessment made against the Borrower, except for any such tax or assessment which is the subject of a Good Faith Contest.

3.7 GOOD TITLE AND ABSENCE OF LIENS

The Borrower has good and marketable title to all of their properties and assets, real, personal and mixed, and none of said properties or assets is subject to any Lien, except for Liens permitted by Section 5.3.

3.8 ERISA

Except as set forth on Schedule 3.8, no Reportable Event or unfunded deficiencies or failure of compliance with ERISA or the Internal Revenue Code of 1986, as amended, has occurred and is continuing with respect to any Plan; (B) the Borrower has complied with the provisions of ERISA and the Internal Revenue Code of 1986, as amended, with respect to each Plan; and (C) the Borrower is not subject to any multiemployer plan liability or other similar liability.

3.9 COLLATERAL DOCUMENTS

(A) The Borrower Security Agreement and the Borrower Pledge Agreement are legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms. The Borrower Security Agreement and the Borrower Pledge Agreement are each effective to create in favor of the Bank a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof.

(B) The Subsidiary Pledge Agreement is a legal, valid and binding obligation of Dataram Acquisition Subsidiary, Inc., enforceable against Dataram Acquisition Subsidiary, Inc. in accordance with its terms. The

Subsidiary Pledge Agreement is effective to create in favor of the Bank a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof.

(C) The Subsidiary Guaranty is a legal, valid and binding obligation of Dataram Acquisition Subsidiary, Inc., enforceable against Dataram Acquisition Subsidiary, Inc. in accordance with its terms.

3.10 ENVIRONMENTAL STATUS

As to all properties owned, leased or operated by the Borrower and to all operations of the Borrower's business:

(A) there is no pending or, to the Borrower's knowledge, threatened proceeding affecting the Borrower with respect to any Environmental Law;

(B) except as shown on Schedule 3.10(B), the Borrower has not been identified as a responsible or potentially responsible party under CERCLA or any other Environmental Laws and the Borrower has not received notification that any hazardous substance or contaminant has been found at any site which the Borrower owns or leases;

(C) none of such properties are listed or proposed for listing on the National Priorities List under CERCLA;

(D) to the Borrower's knowledge, no Hazardous Substance or Hazardous Waste (as such term is defined in any Environmental Laws) have been unlawfully disposed of or otherwise released or discharged on such properties;

(E) to the Borrower's knowledge, no underground storage tanks exist on the properties and the removal of any tanks removed from the properties was undertaken in compliance with the Underground Storage Tank Act; and

(F) to the Borrower's knowledge, no friable asbestos, or any substance containing asbestos or PCB's have been installed in or exist on such properties.

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3.11 INTELLECTUAL PROPERTY

The Borrower owns, or is licensed to use, all trademarks, tradenames, copyrights, technology, know-how and processes necessary for the conduct of its business as currently conducted (the "Intellectual Property"), except for those the failure to own or license could not reasonably be expected to have a Material Adverse Effect. No claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of such Intellectual Property by the Borrower does not infringe the rights of any Person, except for such claims and infringements which could not reasonably be expected to have a Material Adverse Effect.

3.12 INVESTMENT COMPANY ACT; PUBLIC UTILITY HOLDING COMPANY ACT; OTHER REGULATIONS

The Borrower is not an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended, or a "holding company" as defined in, or otherwise subject to regulation under, the Public Utility Holding Company Act of 1935. The Borrower is not subject to regulation under any federal or state statute or regulation which limits their ability to incur indebtedness.

3.13 PROCEEDS OF REVOLVING CREDIT LOANS

The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U

of the Board of Governors of the Federal Reserve System, as amended. No part of the proceeds of any Revolving Credit Loan under the Revolving Credit Facility will be used, directly or indirectly, for a purpose which violates any law, rule or regulation of any Governmental Body, including the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System, as amended. The Borrower represents that the proceeds of Revolving Credit Loans under the Revolving Credit Facility provided for herein shall be used solely for the purposes set forth in Section 2.6 hereof.

3.14 SOLVENCY

The fair value of the business and assets of the Borrower will be in excess of the amount that will be required to pay its liabilities (including contingent, subordinated, unmatured and unliquidated liabilities on existing debts, as such liabilities may become absolute and matured), in each case after giving effect to the transactions contemplated by this Agreement and the use of proceeds therefrom. The Borrower will not, after giving effect to the transactions contemplated by this Agreement and the use of proceeds therefrom, be engaged in any business or transaction, or about to engage in any business or transaction, for which the Borrower has an unreasonably small capital (within the meaning of the Uniform Fraudulent Transfer Act, as adopted in the State of New Jersey and Section 548 of the Federal Bankruptcy Code), and the Borrower does not have any intent to: (A) hinder, delay or defraud any entity to which such the Borrower is, or

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will become, on or after the date hereof; indebted, or (B) to incur debts that would be beyond the Borrower's ability to pay as they mature.

3.15 INSURANCE

Attached as Schedule 3.15 is accurate list of all insurance policies carried by the Borrower. The insurance carried by the Borrower is (i) adequate in character and amount and is at least equal to the amounts and type of insurance carried by similar businesses and (ii) with financially sound and reputable insurers which, except as set forth on Schedule 3.15 are unaffiliated with the Borrower or any Affiliate or Subsidiary.

3.16 NO DEFAULT

The Borrower is not in default under or with respect to any of its Contractual Obligations, except for any such default or defaults which individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

3.17 FULL DISCLOSURE

Neither this Agreement nor any other Loan Document or certificate, written statement or other document furnished to the Bank, or to any appraiser, accountant, or engineer employed or engaged by the Bank in connection with the transactions contemplated by this Agreement and the other Loan Documents, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading under the circumstances in which they were made. There is no fact or circumstance peculiar to the Borrower and known to it which the Borrower has not disclosed to the Bank and which could reasonably be expected to have a Material Adverse Effect.

3.18 REAFFIRMATION

Each and every request for a Revolving Credit Loan hereunder or the issuance of a Letter of Credit shall be deemed as an affirmation by the Borrower that no Default nor Event of Default has occurred and is continuing hereunder and that the representations and warranties contained

in this Article III are true and correct in all material respects as of the date of each such request, except to the extent that such representations and warranties speak to an earlier specified date, which shall, on the date of such request, shall be true and correct as of such earlier date.

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AFFIRMATIVE COVENANTS OF THE BORROWER

4.1 AUDIT AND OTHER REPORTS

(A) The Borrower agrees that within ninety (90) days of the close of each fiscal year, it will deliver to the Bank audited consolidated and consolidating

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financial statements, including a consolidated and consolidating balance sheet, consolidated and consolidating profit and loss statement, consolidated and consolidating income and cash flow statement, a listing of all Contingent Obligations that are appropriately included in such financial statements, notes to financial statements, certified on an unqualified basis by an independent certified public accountant satisfactory to the Bank, together with an updated accountant's reliance letter and any other information which may assist the Bank in assessing the Borrower's consolidated financial condition (including without limitation, a projection by the Borrower of its consolidated financial condition evidencing the Borrower's projected compliance with the financial tests described in Section 5.2 hereof);

(B) The Borrower agrees that within forty-five (45) days of the close of each fiscal quarter, it will deliver to the Bank quarterly management-prepared consolidated and consolidating financial statements described in subsection (A) above, all prepared in a format acceptable to the Bank, together with all other information described in subsection (A) above;

(C) The Borrower agrees that simultaneously with the submission of the statements required under subsections (A) and (B) above, the Borrower shall cause to be delivered to the Bank a certificate of the its financial officer (or other officer having the duties of a chief financial officer) (i) certifying the financial information as true, correct and complete, (ii) certifying that all representations and warranties set forth in the Loan Documents are true and correct, (iii) setting forth the calculations of the financial tests described in Section 5.2 hereof and attesting that none of the covenants set forth in this Agreement or any other Loan Document have been breached and (iv) certifying that no event has occurred which, with the passage of time and/or giving of notice, would constitute a Default or Event of Default;

(D) The Borrower agrees that promptly after the furnishing thereof to third parties, the Borrower will deliver to the Bank copies of any statements, reports, proxy material, registration statement and prospectus furnished to any holder of any securities of the Borrower filed with any regulatory agency or agencies;

(E) The Borrower agrees that promptly (and in any event within (10) days) after a responsible officer of the Borrower shall become aware of (i) a Reportable Event or "prohibited transaction" as such term is defined in ERISA, (ii) the occurrence of a Default or Event of Default, (iii) the commencement of any proceeding or litigation which, if adversely determined, would adversely affect an the Borrower's consolidated financial condition or its ability to conduct business, (iv) any change in the executive management of the Borrower or any Subsidiary, (v) the termination or threatened termination of or claim of breach by the Borrower of any material contract, agreement or obligation, (vi) the acceleration of any Indebtedness of the Borrower or any Subsidiary in excess of \$20,000, or (vii) the occurrence of a default under any note, or other evidence of Indebtedness of the Borrower or any Subsidiary in excess of \$20,000, and (viii) the occurrence of a Material Adverse Change, it will deliver to the Bank written notice

thereof and, upon request by the Bank, a written description of the action the Borrower is taking or proposes to take with respect thereto;

(F) The Borrower agrees that it shall furnish to the Bank prompt written notice if: (i) any is declared or shall become due and payable prior to its stated maturity, or called and not paid when due or (ii) a default shall have occurred;

(G) The Borrower agrees to furnish to the Bank with reasonable promptness such other data and information concerning the Borrower or any Subsidiary as from time to time may be reasonably requested by the Bank; and

(H) The Borrower agrees to furnish the Bank within ninety (90) days after the close of each fiscal year, a management letter, if any.

4.2 INSURANCE

The Borrower agrees to keep all of its and its Subsidiaries' assets insured and obtain hazard, liability and business interruption insurance, at their own cost and expense, in such amounts, in such companies, and against such risks as is customary for similar businesses and as may be reasonably acceptable to the Bank at all times, and deliver to the Bank copies of the policies evidencing such insurance and/or evidence of payment of all premiums therefor upon the request of the Bank. If the Borrower fails to take the action called for herein, the Bank may, in its discretion obtain insurance and the amount of the premium for said insurance shall be added to the Obligations. No insurance required hereby shall be canceled or reduced without at least thirty (30) days prior notice to the Bank.

4.3 PAYMENT OF EXPENSES

The Borrower will pay any and all expenses, including reasonable counsel fees and disbursements, filing and recording fees and taxes, and all other charges and expenses incurred or to be incurred by the Bank in connection with the preparation, execution and recording of this Agreement and all other Loan Documents and the Credit Facilities, and Revolving Credit Loans made under this Agreement, any and all inspections, examinations or appraisals of the Borrower or any Subsidiary, their assets, businesses, locations, and other audit, examination or other inspection activities of the Bank, and all amendments and modifications hereto and in defending or prosecuting any actions or proceedings or otherwise enforcing any rights arising out of or relating to the Bank's transactions with the Borrower or any Subsidiary.

4.4 GOOD WORKING CONDITION

The Borrower will, and will cause each Subsidiary, to maintain all of their material property in good working condition, ordinary wear and tear excepted.

4.5 OBSERVANCE OF LEGAL REQUIREMENT, LICENSES AND PERMITS AND PROTECTION OF ASSETS

(A) The Borrower will, and will cause each Subsidiary to comply with any and all laws, legislation, rules and regulations in effect as of the date hereof and subsequent hereto, including but not limited to all state, local and federal laws, legislation, rules and regulations relating to employee pension and benefit funds, the payment of taxes, assessments, and other governmental charges, zoning, and the use, occupancy, transfer or encumbering of assets of the Borrower and the Subsidiaries, and all Environmental Laws, except where the failure to comply would not have a Material Adverse Effect. The Borrower agrees to perform all actions reasonably requested by the Bank which are intended by the Bank to protect the Bank and the assets of the Borrower and the Subsidiaries from the

effect of all Environmental Laws, ERISA and such other laws, legislation, rules and regulations as are in, or may come into, effect and apply to the Borrower or any Subsidiary, the Bank, the transactions contemplated hereby. The Borrower will pay the cost of performing all such actions.

(B) The Borrower will observe and comply with all ordinances, orders, judgments, certifications, franchises, permits, licenses, directions and requirements of all Governmental Bodies, which now or at any time hereafter may be applicable to an the Borrower or any Subsidiary, except where the failure to comply would not have a Material Adverse Effect.

(C) The Borrower will, and will cause each Subsidiary to continue to hold all necessary licenses, approvals and permits and maintain all rights, privileges and franchises necessary for its or their business operations and the ownership of their assets, and will comply with all Contractual Obligations (including without limitation, any leases covering any of the Mortgaged Premises), except where the failure to hold such licenses or comply would not have a Material Adverse Effect.

4.6 INSPECTION

The Bank (by any of its officers, employees and agents) shall have the right, after prior reasonable notice, at any time or times during usual business hours, (i) to inspect the assets, businesses, locations and financial records (and to make extracts therefrom) of the Borrower and each Subsidiary, (ii) to discuss the affairs and finances of the Borrower or any Subsidiary with any Person (including without limitation, the Borrower's senior officers and outside accountants) and to verify the amount, quality, quantity, value and condition of; or any other matter relating to the Borrower or any Subsidiary or their respective assets or businesses.

4.7 PAYMENTS OF OBLIGATIONS

The Borrower shall, and shall cause each Subsidiary to pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of their obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves

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in conformity with GAAP with respect thereto have been provided on the books of Borrower or such Subsidiary.

4.8 TAXES AND OTHER CHARGES

The Borrower will, and will cause each Subsidiary to prepare and timely file all federal, state and local tax returns required to be filed by the Borrower or any Subsidiary and promptly pay and discharge all taxes, assessments, water and sewer rents, and other governmental charges imposed upon the Borrower or any Subsidiary or on the Borrower's or any Subsidiary's property when due, but in no event after interest or penalties commence to accrue thereon or become a lien upon such property, except for those taxes, assessments, water and sewer rents, and other governmental charges then being contested in good faith by the Borrower or such Subsidiary by appropriate proceedings and for which the Borrower has established on its books, a reserve for the payment thereof and so long as such contest: (i) operates to prevent collection, stay any proceedings which may be instituted to enforce payment of such item, and prevent a sale of the Borrower's or such Subsidiary's property to pay such item; (ii) is maintained and prosecuted with due diligence; and (iii) shall not have been terminated or discontinued adversely to the Borrower or such Subsidiary.

4.9 [Intentionally Omitted]

4.10 OPERATING ACCOUNT

The Borrower will maintain its primary operating and demand deposit accounts with the Bank.

NEGATIVE COVENANTS OF THE BORROWER

5.1 LOANS, ADVANCES AND INVESTMENTS

The Borrower will not, and will not permit any Subsidiary to, make any loan or advance to, or investment in, any Person except for (A) loans, advances or investments by the Borrower or any Subsidiary to or in the Borrower or any Subsidiary, and (B) other loans, advances or investments which, in the aggregate do not exceed \$100,000 (measured on a consolidated basis as to the Borrower and Subsidiaries) and provided further that at the time of any loan, advance or investment permitted under clause (A) or (B) above no Default or Event of Default exists or would result from the making of such loan, advance or investment.

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5.2 FINANCIAL COVENANTS

(A) Consolidated Total Debt to Consolidated EBITDA Ratio. The Borrower will not permit the ratio, expressed as a percentage, of Consolidated Total Debt to Consolidated EBITDA at any time to exceed 175 percent for the immediately preceding Four Quarter Period.

(B) Fixed Charge Coverage Ratio. The Borrower will not permit the ratio, expressed as a percentage, of Consolidated Net Earnings Available for Fixed Charges to Consolidated Fixed Charges at any time to be less than 150 percent for the immediately preceding Four Quarter Period.

(C) Quick Ratio. The Borrower will not permit the ratio, expressed as a percentage, of Quick Assets to current liabilities of the Borrower during any period set forth below to be less than the ratio set forth below for such period:

Period	Ratio
_____	_____
From the Closing Date until April 29, 2002	100 percent
From April 29, 2002 until the Final Maturity Date	120 percent

(D) Consolidated Tangible Net Worth. The Borrower will not permit Consolidated Tangible Net Worth during any period set forth below to be an amount less than the amount set forth below opposite such period:

Period	Consolidated Tangible Net Worth
_____	_____
From the Closing Date until April 29, 2002	\$20,000,000
After April 29, 2002 until April 29, 2003	The sum of (i) \$20,000,000 plus (ii) the greater of (A) 33.3 percent of the Borrower's Consolidated Net Income for the twelve months ended April 30, 2002 and (B) zero (\$-0-) (such sum being herein called the "FY02 CTNW Minimum")
After April 29, 2003 until April 29, 2004	The sum of (i) the FY02 CTNW Minimum plus (ii) the greater of (A) 33.3 percent of the Borrower's Consolidated Net Income for the

twelve months ended April 30, 2003

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and (B) zero (\$-0-) (such sum being herein called the "FY03 CTNW Minimum")

After April 29, 2004 until April 29, 2005 The sum of (i) the FY03 CTNW Minimum plus (ii) the greater of (A) 33.3 percent of the Borrower's Consolidated Net Income for the twelve months ended April 30, 2004 and (B) zero (\$-0-) (such sum being herein called the "FY04 CTNW Minimum")

After April 29, 2005 until the Final Maturity Date The sum of (i) the FY04 CTNW Minimum plus (ii) the greater of (A) 33.3 percent of the Borrower's Consolidated Net Income for the twelve months ended April 30, 2005 and (B) zero (\$-0-).

5.3 LIMITATION ON LIENS.

The Borrower will not, and will not permit any Subsidiary to, create, assume or suffer to exist any Lien on its or their property or assets, whether now owned or hereafter acquired, or upon any income or profits therefrom, except for Permitted Liens.

5.4 LIMITATION ON DEBT

(A) The Borrower will not, and will not permit any Subsidiary to, create, incur, assume or suffer to exist any Debt (including any Contingent Obligations) except for (i) Debt owed by the Borrower to any Subsidiary, or by any Subsidiary to the Borrower or another Subsidiary, and (ii) existing Debt set forth on Schedule 5.4 annexed hereto.

(B) The Borrower will not permit the Guarantor or Dataram Holding Company ApS to create, incur, assume or suffer to exist any Indebtedness, except for (i) in the case of the Guarantor, Indebtedness owed to the Borrower, and (ii) in the case of Dataram Holding Company, ApS, Indebtedness owed to the Guarantor.

5.5 LIMITATION ON GUARANTEES

The Borrower will not, and will not permit any Subsidiary to, assume, guarantee, endorse or otherwise become directly or contingently liable for the obligations of any other Person except by endorsement of negotiable instruments for deposit or collection in the ordinary course of business and except, to the extent otherwise prohibited hereunder, the Borrower may be liable for the obligations of any Subsidiary, and any Subsidiary may become liable for the obligations of another Subsidiary or the Borrower.

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5.6 CERTIFICATE OF INCORPORATION AND BY-LAWS

The Borrower will not, and will not permit any Subsidiary to, amend or otherwise modify their Certificate/Articles of Incorporation, Certificate of Formation, Articles of Association, By-Laws Operating Agreement or other governing instruments, as applicable, in any manner which would adversely affect the Bank.

5.7 TRANSACTIONS AMONG AFFILIATES

Except for transactions between the Borrower and Subsidiaries otherwise permitted hereby, the Borrower will not, and will not permit any Subsidiary to, become a party to any transaction with each other or any Affiliate unless the terms and conditions relating to such transaction are as favorable to the Borrower or such Subsidiary as would be obtainable at the time in a comparable arms-length transaction with a Person other than each other or an Affiliate.

5.8 CONSOLIDATIONS AND MERGERS

The Borrower will not and will not permit any Subsidiary to consolidate or enter into a merger with any other Person or Transfer all or substantially all of its assets in a single transaction or series of related transactions to any Person, except that:

(A) any Subsidiary may merge or consolidate with or into the Borrower or any Wholly-Owned Subsidiary or Transfer all or substantially all of its assets to the Borrower or a Wholly-Owned Subsidiary; provided, that (i) no Default or Event of Default exists or would exist after giving effect thereto, and (ii) so long as in any merger, consolidation or Transfer involving the Borrower, the Borrower shall be the surviving or continuing corporation;

(B) the Borrower may merge or consolidate with any other corporation; provided, that (i) the Borrower shall be the surviving or continuing corporation, (ii) the Borrower shall not incur, create or assume any Debt in connection with such merger or consolidation, and (iii) at the time of such merger or consolidation and after giving effect thereto no Default or Event of Default shall have occurred and be continuing.

No such Transfer of all or substantially all of the assets of the Borrower shall have the effect of releasing the Borrower from its liability under this Agreement and the other Loan Documents to which the Borrower is a party.

5.9 FISCAL YEAR

The Borrower will not change its fiscal year.

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5.10 CHANGE IN ACCOUNTING PRINCIPLES

The Borrower will not change or permit any change in accounting principles applied to the Borrower, except as required by GAAP.

5.11 MAINTAIN CORPORATE EXISTENCE AND NATURE OF BUSINESS

(A) The Borrower will not allow its, nor any of its Subsidiaries', existence to be other than in good standing and will not dissolve or liquidate (or discontinue its normal operations with the intent to liquidate).

(B) The Borrower will not change its name without furnishing to the Bank at least thirty (30) days prior written notice thereof.

(C) The Borrower shall (i) continue to remain in and operate substantially the same line of businesses presently engaged in by the Borrower; (ii) not suspend transaction of its usual businesses; and (iii) conduct its business in its customary manner.

VI

EVENTS OF DEFAULT

The occurrence of any of the following shall constitute an Event of Default:

6.1 NON-PAYMENT

Failure to pay any Obligation to the Bank on the date such payment is due (including principal and/or interest under the Revolving Note).

6.2 NON-PERFORMANCE; OTHER EVENTS OF DEFAULT

(A) The Borrower shall fail to perform when such performance is due or otherwise breach any term, covenant or condition contained in Article V of this Agreement, or

(B) The Borrower or any Subsidiary shall fail to perform within ten (10) days after the date on which such performance is due, or otherwise breach (which breach shall not have been cured within ten (10) days after it shall have first occurred) any term, covenant or condition contained herein, in any other Loan Document or in any other agreement now existing or hereafter entered into with the Bank, or in any document executed in connection with any agreements.

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6.3 MISREPRESENTATION

Any representation, covenant or warranty made by the Borrower or any Subsidiary in this Agreement or any other Loan Document, or in connection with any other instrument of guaranty or security furnished to the Bank or any fact contained in any writing supplementary or ancillary hereto, shall have proved to have been inaccurate in any material respect as of the date or dates with respect to which it is made or deemed to have been made under Section 3.18 hereof.

6.4 INSOLVENCY

The Borrower or any Subsidiary shall have applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of their respective assets; a custodian shall have been appointed with or without consent of the Borrower or such Subsidiary; the Borrower or any Subsidiary is generally not paying its debts as they become due, has made a general assignment for the benefit of creditors, has been adjudicated insolvent, or has filed a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any insolvency law, or an answer admitting the material allegations of a petition in any bankruptcy, reorganization or insolvency proceeding; or taken action for the purpose of effecting any of the foregoing; or an order, judgment or decree shall have been entered, without the application, approval or consent of the Borrower or such Subsidiary by any court of competent jurisdiction approving a petition seeking reorganization of the Borrower or any Subsidiary, or appointing a receiver, trustee, custodian or liquidator of the Borrower or such Subsidiary or a substantial part of its assets and such order, judgment or decree shall have continued unstayed and in effect for any period of sixty (60) consecutive days; or a petition in bankruptcy shall have been filed against the Borrower or any Subsidiary and shall not have been dismissed for a period of sixty (60) consecutive days, or if an order for relief has been entered under the Bankruptcy Code, or if the Borrower or any Subsidiary shall have suspended the transaction of its usual business.

6.5 JUDGMENT OR LIEN

Issuance of any garnishment, attachment or distraint, the filing or assertion of any lien or of any governmental attachment or claim against any property of the Borrower or any Subsidiary in an amount which exceeds \$500,000, or entry of a judgment in an amount which exceeds \$500,000, which issuance, attachment, filing, assertion or entry shall not have been vacated, discharged or stayed pending appeal within 60 days.

6.6 ADVERSE CHANGE

The occurrence of a Material Adverse Change.

6.7 OWNERSHIP

The occurrence of a Change in Control.

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6.8 ERISA

If (A) any Reportable Event occurs and shall be continuing for thirty (30) days after notice from the Bank to the Borrower, or (B) any Plan shall be terminated, or (C) the Plan administrator of any Plan shall file with the PBGC a notice of intention to terminate such Plan, or (D) the PBGC shall institute proceedings to terminate any Plan or appoint a trustee to administer any Plan, and, if in any of the cases set forth in (A) through (D) above, the Bank reasonably determines in good faith that any Plan to be terminated would cause the amount of the unfunded guaranteed benefits (within the meaning of Title IV of ERISA) resulting upon termination of such Plan to effect a Material Adverse Change or if a Lien against the assets of the Borrower were to result under ERISA.

6.9 DEFAULT IN OBLIGATIONS TO THIRD PARTIES

The Borrower is in default beyond any applicable grace or cure period of any Indebtedness or any other material obligation to any third party in excess of \$500,000 in the aggregate.

6.10 LOAN DOCUMENT ENFORCEABILITY

If this Agreement or any other Loan Document shall, at any time after their respective execution and delivery and for any reason, cease to be in full force and effect or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Borrower, or the Borrower shall deny that it has any or further liability or obligation under any of the Loan Documents.

6.11 LOAN DOCUMENTS/SWAP DOCUMENTS

A default or event of default, subject to any applicable grace period, occurs with respect to any Swap Agreement.

6.12 ALTA LOAN TITLE POLICY

The failure of Borrower to deliver to the Bank, at Borrower's sole cost and expense, within forty-five (45) days of the date hereof; an ALTA form of Loan Policy (the "Title Policy") acceptable to the Bank insuring the Mortgage on the Property (as defined in the Mortgage) as a valid first lien for an amount not less than \$5,000,000, free and clear of all liens (including mechanics' and contractors' liens) and encumbrances, and subject only to such exclusions from coverage and such exceptions to title as may be reasonably approved by the Bank, and containing such endorsements as the Bank may reasonably require. The Title Policy shall name the Bank, its successors and/or assigns, as the insured under the Title Policy. Title to the Property, as evidenced by the Title Policy, shall be good and marketable.

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6.13 LANDLORD WAIVER AND CONSENT

The failure of Borrower to deliver to the Bank within thirty (30) days of the date hereof; a Landlord's Waiver and Consent Agreement in form and content acceptable to the Bank from each and every landlord of locations

where any portion of the Collateral (as defined in the Borrower Security Agreement) may be located. The Landlord's Waiver and Consent Agreement shall be on the Bank's customary form and shall provide, inter alia that the landlord waives, releases and assigns to the the Bank any and all of said landlord's liens, claims, demands or rights on, to and/or against the Collateral.

VII

CONSEQUENCE OF EVENT OF DEFAULT

In case any Event of Default shall have occurred, then and in every such Event of Default, the Bank may take any or all of the following actions, at the same time or at different times, provided that upon the occurrence of an Event of Default under Section 6.4 hereof the Credit Facilities under this Agreement shall automatically without notification or other action terminate and all Obligations shall automatically without notification or other action be immediately due and payable:

7.1 ACCELERATION

Declare all loans, sums and Obligations owing to the Bank from the Borrower or the Guarantor under this Agreement or any other agreement or loan between the Bank and the Borrower or the Guarantor to be forthwith due and payable, whereupon all such sums shall forthwith become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower and the Bank's commitment to lend or extend other financial accommodations to the Borrower shall be terminated.

7.2 SET-OFF

The Bank shall have the right immediately, and without notice or other action to set-off against any of the Obligations to the Bank any sum owed by the Bank in any capacity to the Borrower or the Guarantor whether due or not, and the Bank shall be deemed to have exercised such right of set-off and to have made a charge against any such sum immediately upon the occurrence of such Event of Default, even though the actual book entries may be made at some time subsequent thereto.

7.3 ATTORNEYS' FEES AND EXPENSES

Add to the Obligations, the Bank's reasonable expenses to obtain or enforce payment of any Obligations hereunder and the enforcement or liquidation of any debt hereunder shall include reasonable attorneys' fees plus other legal expenses incurred by the Bank.

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7.4 DEFAULT RATE

Increase the rate of interest under any Obligations to the Default Rate. Unless otherwise agreed by the Bank, the Default Rate shall be retroactive to the date of the first occurrence of an Event of Default.

7.5 BANK'S PERFORMANCE OF OBLIGOR'S OBLIGATION

If the Borrower or the Guarantor fails to comply with any of the covenants or perform any of its obligations set forth herein or in any other Loan Document, the Bank may, but shall have no obligation to, perform any such obligations or undertake any act to cause such covenant to be complied with, including, but not limited to, discharging any Lien on any asset other than Permitted Encumbrances. Any and all sums, and all costs and expenses incurred by the Bank in so performing or causing compliance, shall be payable on demand together with interest at the Default Rate from the date of any such payment by the Bank until the date paid by the Borrower. Any such performance by the Bank shall not cure any Default or

Event of Default by the Borrower or the Guarantor.

7.6 OTHER REMEDIES

Exercise any other remedies under the Uniform Commercial Code or other applicable law, or any other Loan Document, including but not limited to proceeding to enforce its right by suit in equity, action at law or other appropriate proceeding, whether for payment or the specific performance of the covenants or agreements contained in this Agreement or any other Loan Document, all in such order and in such manner as the Bank determines.

VIII

MISCELLANEOUS

8.1 NO WAIVER

The Borrower agrees that no delay on the part of the Bank in exercising any power or right hereunder or any other Loan Document shall operate as a waiver of any such power or right, nor act as a consent to any departure by the Borrower or the Guarantor from any of the terms or conditions hereof or thereof; preclude other or further exercise thereof; or the exercise of any other power or right. No waiver whatsoever shall be valid unless in writing signed by the Bank and then only to the extent set forth therein.

8.2 MODIFICATION OR AMENDMENT

This Agreement and every other Loan Document cannot be changed orally and cannot be changed by an executory agreement unless such agreement is in writing and signed by all parties hereto by their duly authorized officers.

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8.3 WAIVER OF NOTICE

The Borrower waives presentment, dishonor and notice of dishonor, protest and notice of protest of all commercial papers at any time held by the Bank on which the Borrower or the Guarantor is in any way liable.

8.4 ONE INSTRUMENT

The provisions of this Agreement shall be in addition to those of any notes or other evidence of the Obligations held by the Bank relating to this particular transaction, all of which shall be construed as one instrument.

8.5 LAW OF NEW JERSEY

This Agreement and all other Loan Documents and the rights of the parties hereto and thereto shall be governed by the internal laws of the State of New Jersey without regard to conflict of laws.

8.6 JURISDICTION

The Borrower hereby jointly and severally irrevocably consents to the jurisdiction of the Courts of the State of New Jersey or any Federal Court in such State in connection with any action or proceeding arising out of or related to this Agreement or any other Loan Document. In any such litigation, the Borrower waives personal service of any summons, complaint or other process and agrees that service may be made by certified or registered mail to it, at the address provided herein.

8.7 SUCCESSORS OR ASSIGNS

This Agreement and all other Loan Documents shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors and assigns, provided, however, that the Borrower shall not have any right to assign any of its rights hereunder.

8.8 RIGHTS CUMULATIVE

The rights and remedies herein expressed or in any other Loan Document to be vested in or conferred upon the Bank shall be cumulative and shall be in addition to and not in substitution for or in derogation of the rights and remedies conferred by the Uniform Commercial Code or any other applicable law.

8.9 LIMITATION OF LIABILITY

No claim may be made by the Borrower or any other Person against the Bank or, as the case may be, directors, officers, employees, attorneys or agents of the Bank for any special, punitive, indirect or consequential damages in respect of any claim for breach of contract arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and the Borrower hereby

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waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

8.10 ADDRESSES OF NOTICES

Any notice required or permitted to be given by this Agreement and the other Loan Documents shall be given or made in writing, including telecopy, and shall be, as elected by the party giving such notice, served personally by messenger or courier service, telecopied (followed up by a mailing), or mailed in the United States by prepaid, registered or certified mail, return receipt requested, to the following:

If to the Borrower or any Subsidiary:

Dataram Corporation
186 Princeton Road
West Windsor, NJ 08550
Attn: Mark E. Maddocks, Vice President - Finance
Fax #: (609) 936-1689

With a copy to:

Dillon, Bitar & Luther, L.L.C.
53 Maple Ave.
Morristown, NJ 07963-0398
Attn: Mary Powers, Esq.
Fax #: (973) 292-2960

If to the Bank:

First Union National Bank
190 River Road
Summit, New Jersey 07901
Attn: William Johnston, Senior Vice President
Fax #: (908) 598-3100

With a copy to:

McCarter & English, LLP
Four Gateway Center
100 Mulberry Street

Newark, NJ 07101
Attn: Todd M. Poland, Esq.
Fax #: (973) 624-7070

Any notice given in accordance with the provisions of this section shall be deemed effective, if hand delivered, on the date of such delivery, or on the date telecommunicated

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if telecopied, or if mailed, on the date upon which the return receipt is signed or delivery refused or the notice is designated by the postal authorities as not deliverable, as the case may be. Each party may give notice to each of the other parties of a change of its address for the purpose of giving notice under this section which, thereafter until changed by like notice, shall be the address of such party for purposes of this Agreement. Any failure to provide notice to the parties' attorneys shall not affect the validity of any otherwise proper notice.

8.11 TITLES

The titles and headings indicated herein and any table of contents are inserted for convenience only and shall not be considered apart of this Agreement or in any way limit the construction or interpretation of this Agreement.

8.12 DISCLOSURE/CONFIDENTIALITY

(A) The Bank is hereby authorized to disclose any financial or other information it may have about the Borrower or any Subsidiary to any present or future purchaser, participant or assignee or prospective participant or assignee, any regulatory body or agency having jurisdiction over the Bank, or to any Person which succeeds' to all or any part of the Bank's interest herein; provided, however, that prior to the occurrence of an Event of Default, as a condition to the release of such information to a purchaser, participant or assignee, such person shall agree to be bound by the confidentiality provisions set forth in this section. The information provided may include, but is not limited to, amounts, terms, balances, payment history, return item history and any financial or other information about the Borrower or any Subsidiary and their respective Affiliates.

(B) The Bank agrees to, and to take those steps reasonably required to cause its Affiliates, representatives and independent contractors to, take reasonable precautions and exercise due care to maintain the confidentiality of all information provided to it or on its behalf by the Borrower or any Subsidiary, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in the enforcement of this Agreement and the other Loan Documents or in connection with other business now or hereafter existing or contemplated with the Borrower or any Subsidiary; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than such the Borrower, provided that such source is not bound by a confidentiality agreement with the Borrower known to the Bank; provided, however, that the Bank may disclose such information (1) at the request or pursuant to any requirement of any Governmental Body to which the Bank is subject or in connection with an examination of the Bank by any such governmental body; (2) pursuant to subpoena or other court process provided the Borrower is given prior notice of such process to the extent the Bank is permitted to provide such notice; (3) when required to do so in accordance with the provisions of any applicable law provided the Borrower is given prior notice of such process to the extent the Bank is permitted to provide such notice; (4)

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to the extent reasonably required in connection with any litigation or

proceeding to which the Bank or its Affiliates may be party; (5) to the extent reasonably required in connection with the exercise of any right or remedy or under any other Loan Document; (6) to the Bank's independent auditors and other professional advisors; (7) to any purchaser, participant or assignee actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Bank hereunder; (8) as to the Bank or its Affiliates, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Borrower or any Subsidiary is a party; and (9) to its Affiliates.

8.13 TERM

This Agreement shall with respect to (i) Section 2.1 hereof have a term through the Revolving Credit Maturity Date, and (ii) Section 2.2 hereof have a term through the Term Loan Maturity Date. The Loans provided for in Sections 2.1 and 2.2 hereof shall be due and payable in full upon expiration of the term as set forth therein or as otherwise set forth in this Agreement. Notwithstanding the expiration of the term, the rights of the Bank hereunder and the obligations of the Borrower hereunder shall remain in full force and effect until all of the Obligations are finally and indefeasibly paid in full and any commitment to extend credit has been terminated.

8.14 INTEREST LIMITATION

It is the intention of the Bank and the Borrower to conform strictly to the laws of the State of New Jersey or the laws of such other jurisdiction which may be found to apply to the subject transaction relating to the maximum rate of interest which may be lawfully contracted for or charged. Nothing contained in this Agreement or any other Loan Document shall be construed to mean that The Borrower has contracted to pay or are obligated to pay any sum or sums to the Bank in excess of those which may lawfully be charged or contracted for under applicable law of the State of New Jersey or other applicable law. If any provision of this Agreement or any of the other Loan Documents shall require payment of any sum or sums of interest in excess of the maximum permitted rate which may be lawfully contracted for or charged, then the Borrower and the Bank agree that such result is as a consequence of their inadvertence and/or mistake, and the interest charge for which the Borrower is liable under this instrument shall be recomputed for the sole and limited purpose of determining the extent of the obligations and liabilities of the Borrower to the Bank so that the interest charges for which the Borrower is liable shall not exceed the maximum permitted rate which is determined to be applicable. Additionally, any sums of interest which are collected by the Bank from the Borrower or other source in connection with the Credit Facilities evidenced hereby which are in excess of the maximum permitted rate shall, for the sole and limited purpose of determining the extent of the obligations and liabilities of the Borrower to the Bank, be credited against the amount of principal for which the Borrower is liable to the Bank after giving effect to any recomputation and adjustment required pursuant to the foregoing provisions of this section, or if such outstanding principal balance and interest are paid in full, any such excess shall be remitted by the Bank to the Borrower.

8.15 INDEMNIFICATION

(A) The Borrower does hereby indemnify and agree to protect, defend and hold harmless the Bank, any entity which "controls" the Bank within the meaning of Section 15 of the Securities Act of 1933, as amended, or is under common control with the Bank, and any officer, director, official, agent, employee or attorney of the Bank, and their respective heirs, administrators, executors, successors and assigns (collectively, the "Indemnified Parties"), from and against any and all losses, damages, expenses or liabilities of any kind or nature and from any suits, claims or demands, including reasonable attorneys' fees incurred in investigating or defending such claim, suffered by any of them and caused by, relating to, arising out of; resulting from, or in any way connected with the Loan

Documents or the transactions contemplated therein (unless determined by a final judgment of a court of competent jurisdiction to have been caused solely by the gross negligence or willful misconduct of the Indemnified Parties), including, without limitation: (i) any untrue statement of a material fact contained in information submitted to the Bank by the Borrower or the Guarantor or the omission of any material fact necessary to be stated therein in order to make such statement not misleading or incomplete; (ii) the failure of the Borrower or the Guarantor to perform any obligations required to be performed by the Borrower or such Guarantor under this Agreement or any of the Loan Documents; and (iii) the Bank's reporting or disclosure of any information concerning the Borrower or any Subsidiary to any prospective purchaser, assignee or participant as described in Section 2.14.

(B) In case any action shall be brought against the Bank or any other Indemnified Party in respect to which indemnity may be sought against the Borrower, the Bank or such other Indemnified Party shall promptly notify the Borrower and the Borrower shall assume the defense thereof; including the employment of counsel selected by the Borrower and satisfactory to the Bank, the payment of all costs and expenses and the right to negotiate and consent to settlement. The failure of the Bank to so notify the Borrower shall not relieve the Borrower of any liability they may have under the foregoing indemnification provisions or from any liability which it may otherwise have to the Bank or any of the other Indemnified Parties, except for any losses, damages, expenses or liabilities which result directly from such failure. The Bank shall have the right, at its sole option, to employ separate counsel in any such action and to participate in the defense thereof; all at the Bank's sole cost and expense (unless there then exists an Event of Default, in which case same shall be at the Borrower's sole cost and expense). The Borrower shall not be liable for any settlement of any such action effected without its consent (unless the Borrower fails to defend such claim), but if settled with the Borrower's consent, or if there be a final judgment for the claimant in any such action, the Borrower agrees to indemnify and save harmless the Bank from and against any loss or liability by reason of such settlement or judgment.

(C) The provisions of this Section 8.15 shall survive the repayment or other satisfaction of the Obligations.

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8.16 WAIVER OF TRIAL BY JURY

THE BORROWER AND THE BANK AGREE THAT ANY SUIT, ACTION OR PROCEEDING, WHETHER CLAIM OR COUNTERCLAIM, BROUGHT BY THE BANK OR THE BORROWER ON OR WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE DEALINGS OF THE PARTIES WITH RESPECT HERETO OR THERETO, SHALL BE TRIED ONLY BY A COURT AND NOT BY A JURY. THE BANK AND THE BORROWER EACH HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND INTELLIGENTLY, AND WITH THE ADVICE OF THEIR RESPECTIVE COUNSEL, WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. FURTHER, THE BORROWER WAIVE ANY RIGHT THEY MAY HAVE TO CLAIM OR RECOVER, IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE BORROWER ACKNOWLEDGES AND AGREES THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS AGREEMENT AND THAT THE BANK WOULD NOT EXTEND CREDIT TO THE BORROWER IF THE WAIVERS SET FORTH IN THIS SECTION WERE NOT A PART OF THIS AGREEMENT.

8.17 ARBITRATION

(A) Upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any dispute or controversy arising out of; or relating to this Agreement and the other Loan Documents between or among parties hereto or thereto ("Disputes") shall be resolved by binding arbitration conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and the Federal Arbitration Act. Disputes may include, without limitation, tort claims, counterclaims, disputes as to whether a matter is subject to arbitration, claims brought as class actions, or claims arising from documents executed in the future. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to

disputes under or related to Swap Agreements.

(B) All arbitration hearings shall be conducted in the city in which the office of the Bank first stated above is located. A hearing shall begin within 90 days of demand for arbitration, and all hearings shall be conducted within 120 days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then for no more than a total of 60 days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than \$1,000,000. Arbitrators shall be licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The parties do not waive applicable Federal or state substantive law except as provided herein.

(C) Notwithstanding the preceding binding arbitration provisions, the Bank and the Borrower agree to preserve, without diminution, certain remedies that any party hereto may exercise before or after an arbitration proceeding is brought. The

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parties shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable: (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale or under applicable law by judicial foreclosure, including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, set-off; and peaceful possession of personal property; (iii) obtaining provisional or ancillary remedies including injunctive relief; sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding; and (iv) when applicable, a judgment by confession of judgment. Any claim or controversy with regard to any party's entitlement to such remedies is a Dispute.

(D) Each party agrees that it shall not have a remedy of punitive or exemplary damages against the other in any Dispute and hereby waives any right or claim to punitive or exemplary damages it has now or which may arise in the future in connection with any Dispute, whether the Dispute is resolved by arbitration or judicially.

(E) The parties acknowledge that by agreeing to binding arbitration they have irrevocably waived any right they may have to a jury trial with regard to a Dispute.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their proper and duly authorized officers as of the day and year first above written.

BANK:

FIRST UNION NATIONAL BANK

WILLIAM JOHNSTON

By: _____
William Johnston
Sr. Vice President

BORROWER:

ATTEST: DATARAM CORPORATION

THOMAS J. BITAR MARK MADDOCKS
By: _____ By: _____
Thomas J. Bitar Mark Maddocks
Secretary Vice President

FIRST AMENDMENT
TO
CREDIT AGREEMENT
BY AND BETWEEN
FIRST UNION NATIONAL BANK,
DATARAM CORPORATION
AND
DATARAM ACQUISITION SUBSIDIARY, INC.

This First Amendment ("First Amendment") to the Credit Agreement dated April 16, 2001 ("Credit Agreement") by and between First Union National Bank ("Bank"), Dataram Corporation (the "Borrower") and Dataram Acquisition Subsidiary, Inc. (the "Guarantor") is made as of this 25th day of June, 2001 between the Bank, the Borrower and the Guarantor.

RECITALS

A. On April 16, 2001, the Bank and the Borrower entered into the Credit Agreement.

B. The parties wish to enter into a Swap Agreement, and to amend the Credit Agreement, on the terms and conditions set forth herein.

C. The Guarantor has approved this First Amendment and acknowledged that the Guaranty is and, after the execution and delivery of this First Amendment, will be in full force and effect.

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

1. Recitals and Definitions

The Borrower, the Guarantor and the Bank acknowledge and agree that the foregoing recitals are true and correct as of the date of this First Amendment. Capitalized terms used herein and not defined shall have the meanings assigned to them in the Credit Agreement.

2. Amendments to Credit Agreement.

Effective as of the date hereof, the Credit Agreement is amended as follows:

(a) Section 1.1 is amended by adding the defined term "Adjusted Swap Rate", and by amending the definition of "Loan Documents", in each case to read in its entirety as follows:

"Adjusted Swap Rate" means, at any time that a Swap Agreement between the Borrower and the Bank is in effect, the rate of interest payable under such Swap Agreement at such time by the Bank plus one and three quarters percent (1.75%).

"Loan Documents" means this Agreement, the Revolving Credit Note, the Term Note, the Mortgage, the Collateral Documents and other documents executed and delivered by the Borrower hereunder (excluding any Swap Agreement(s)), and any amendments, renewals, modifications or supplements thereto, or substitutions therefor.

(b) Section 2.2(E) is hereby deleted.

(c) Section 2.3(A) is amended to read in its entirety to read as follows:

(A) Notwithstanding any other provision of this Agreement, if the introduction of or any change in or in the interpretation of any law or regulation by any central bank or other governmental authority charged with the administration or interpretation thereof shall make it unlawful, or any

central bank or other governmental authority shall assert that it is unlawful for the Bank to perform its obligations hereunder (i) to make Eurodollar Revolving Credit Loans, (ii) to continue to fund or maintain Eurodollar Revolving Credit Loans hereunder or (iii) to maintain the rate of interest on the Term Loan based upon the Adjusted LIBO Rate. then, on notice thereof and demand therefor by the Bank to the Borrower, the obligation of the Bank to make any such Eurodollar Revolving Credit Loans or to continue the Term Loan at an interest rate based upon the Adjusted LIBO Rate shall terminate and, if the foregoing clauses (ii) and/or (iii) is applicable, the Borrower shall, upon prior notice to the Bank, either

(1) forthwith repay in full any such Eurodollar Revolving Credit Loans then outstanding and the outstanding principal balance of the Term Loan, together with interest accrued thereon and the Repayment Indemnity(ies), or

(2) forthwith convert any such Eurodollar Revolving Credit Loans then outstanding into Prime Rate Revolving Credit Loans and

(a) if on the date of such notice and demand no Swap Agreement is in effect between the Borrower and the Bank, convert the interest rate applicable to the outstanding principal balance of the Term Loan to the Adjusted Prime Rate and pay to the Bank the Repayment Indemnity, or

(b) if on the date of such notice and demand a Swap Agreement is in effect between the Borrower and the Bank, convert the interest rate applicable to the outstanding principal balance of the Term Loan to the Adjusted Swap Rate and pay to the Bank the Repayment Indemnity.

If no such notice is received by the Bank within three (3) Working Days of the prior demand by the Bank, Borrower will be deemed to have made the election to convert any such Eurodollar Revolving Credit Loans then outstanding into Prime Rate Revolving Credit Loans and to convert the interest rate applicable to the outstanding principal balance of the Term Loan to the Adjusted Prime Rate as of the fourth day following such demand.

(d) Section 5.1 is amended to read in its entirety as follows:

5.1 LOANS, ADVANCES AND INVESTMENTS

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The Borrower will not, and will not permit any Subsidiary to, make any loan or advance to, or investment in, any Person except for (A) loans, advances or investments by any Subsidiary to or in the Borrower or any Subsidiary, (B) loans, advances or investments by the Borrower to or in any Subsidiary made in any fiscal year of the Borrower which do not exceed, individually or in the aggregate, 50% of Excess Cash Flow for such fiscal year, and (C) other loans, advances or investments which, in the aggregate do not exceed \$100,000 (measured on a consolidated basis as to the Borrower and Subsidiaries) and provided further that at the time of any loan, advance or investment permitted under clause (A), (B) or (C) above no Default or Event of Default exists or would result from the making of such loan, advancement or investment.

3. General.

The parties hereto acknowledge that all provisions of the Credit Agreement and the other Loan Documents, except as otherwise modified by this First Amendment, shall remain in full force and effect.

4. Representations and Warranties.

A. The Borrower hereby represents and warrants to the Bank that, on and as of the date of this First Amendment: (a) each of the representations and warranties contained in the Credit Agreement are accurate, (b) the execution, delivery and performance by the Borrower of this First Amendment has been duly authorized by all necessary action taken by the duly authorized officers of the Borrower and is the legal, valid, and enforceable obligation of the Borrower, (c) no Event of Default has occurred and is continuing or will result from the execution by the Borrower of this First

Amendment, and (d) that the Loan Documents as amended herein are enforceable in accordance with their terms without any setoffs, counterclaims or defenses.

B. The Guarantor hereby represents and warrants to the Bank that, on and as of the date of this First Amendment: (a) each of the representations and warranties contained in the Guaranty are accurate, (b) the execution, delivery and performance by the Guarantor of this First Amendment has been duly authorized by all necessary action taken by the duly authorized officers of the Guarantor, (c) no Event of Default has occurred and is continuing or will result from the execution by the Guarantor of this First Amendment, and (d) that the Loan Documents as amended herein are enforceable in accordance with their terms without any setoff, counterclaims or defenses.

5. Conditions to Effectiveness.

It shall be a condition to the effectiveness of this First Amendment that the Bank have received the following:

A. This First Amendment, duly executed on behalf of the Borrower, the Guarantor and the Bank;

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B. A Swap Agreement between the Borrower and the Bank, duly executed on behalf of the Borrower and the Bank (it being understood that any termination or modification of such Swap Agreement after it shall have been so executed and delivered shall not disturb the effectiveness of this First Amendment); and

C. Certificates of Resolution evidencing a resolution of the Board of Directors of the Borrower and the Guarantor authorizing the execution, delivery and performance of this First Amendment, and otherwise satisfactory to the Bank.

6. Integration.

This First Amendment, together with the Loan Documents, constitutes the entire agreement and understanding among the parties relating to the subject matter hereof and thereof and supersedes all prior proposals, negotiations, agreements and understandings relating to such subject matter. This First Amendment shall constitute a Loan Document.

7. Severability.

If any provision of this First Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or enforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or the remaining provisions of this First Amendment in any other jurisdiction.

8. No Defenses, Setoffs or Counterclaims.

By executing this First Amendment, the Borrower and the Guarantor each confirms and acknowledges that as of the date of execution hereof, neither has any defenses, setoffs or counterclaims against any of their respective obligations to the Bank under the Loan Documents, including the Credit Agreement (as amended by this First Amendment) and the Guaranty. Borrower hereby acknowledges and agrees that the actual amounts outstanding on the date of execution hereof are owing the Bank without defense, setoff or counterclaim.

9. Incorporation by Reference.

This First Amendment is incorporated by reference into the Credit Agreement and the other Loan Documents. Except as otherwise provided herein, all of the other provisions of the Credit Agreement and the other Loan Documents are hereby confirmed and ratified and shall remain in full force and effect as of the date of this First Amendment.

10. Governing Law.

This First Amendment is governed by the laws of the State of New Jersey and is binding upon the Borrower, the Guarantor and the Bank and their respective successors and assigns.

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11. Counterparts.

This First Amendment may be executed by one or more of the parties on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BANK:

FIRST UNION NATIONAL BANK

KRISTIN M. KARCHER

By: _____
Kristin M. Karcher, Officer

BORROWER:

DATARAM CORPORATION

MARK MADDOCKS

By: _____
Mark Maddocks, Vice President

GUARANTOR:

DATARAM ACQUISITION SUBSIDIARY, INC.

MARK MADDOCKS

By: _____
Mark Maddocks, Vice President

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Reaffirmation and Consent under Subsidiary Guaranty:

Capitalized terms set forth in following reaffirmation and consents have the meaning assigned in the Credit Agreement.

The undersigned reaffirms its obligation under the Subsidiary Guaranty under which it, among other things, unconditionally guarantees payment in full of all obligations of the Borrower under the Credit Agreement as amended hereby. and confirms and acknowledges that the security interests granted to the Bank over the Collateral (as defined in the Subsidiary Pledge Agreement) shall continue to secure the undersigned's obligations under the Subsidiary Guaranty. There are no claims, setoffs or defenses of any kind or nature to payment and satisfaction in full thereof.

DATARAM ACQUISITION SUBSIDIARY, INC.

MARK MADDOCKS

By: _____

Lease of Business Premises

This Lease, dated the 19th day of September 2000
Between S AND S INVESTMENTS, 194 Nassau Street, Princeton, New Jersey 08542,
hereinafter referred to as the Landlord, and DATARAM CORPORATION, PO Box
7528, Princeton, New Jersey 08543-7528, hereinafter referred to as the
Tenant,

WITNESSETH: That the Landlord hereby demises and leases unto the Tenant, and
the Tenant hereby hires and takes from the Landlord for the term and upon the
rentals hereinafter specified, the premises described as follows, situated in
the Township of West Windsor County of Mercer and State of New Jersey.
Office space consisting of 24,050 square feet, using exterior dimensions and
including a portion of the common area, in Building Two at Windsor Business
Park on the northwest corner of Route 571 and Slayback Drive.

The term of this demise shall be for five (5) years beginning July 1,
2001 and ending June 30, 2006.

The rent for the demised term shall be (\$), which shall accrue at
the yearly rate of

See Addendum "A" to Lease.

at the office of S and S Investments, 194 Nassau Street, Princeton, New
Jersey 08542 or as may be otherwise directed by the Landlord in writing.

THE ABOVE LETTING IS UPON THE FOLLOWING CONDITIONS:

First. The Landlord covenants that the Tenant, on paying the said
rental and performing the covenants and conditions in this Lease contained,
shall and may peaceably and quietly have, hold and enjoy the demised premises
for the term aforesaid.

Second. The Tenant covenants and agrees to use the demised premises as
general offices and agrees not to use or permit the premises to be used for
any other purpose without the prior written consent of the Landlord endorsed
hereon.

Third. The Tenant shall, without any previous demand therefor, pay to
the Landlord, or its agent, the said rent at the times and in the manner
above provided. In the event of the non-payment of said rent, or any
instalment thereof, at the times and in the manner above provided, and if the
same shall remain in default for ten days after becoming due, or if the
Tenant shall be dispossessed for non-payment of rent, or if the leased
premises shall be deserted or vacated, the Landlord or its agents shall have
the right to and may enter the said premises as the agent of the Tenant,
either by force or otherwise, without being liable for any prosecution or
damages therefor, and may relet the premises as the agent of the Tenant, and
receive the rent therefor, upon such terms as shall be satisfactory to the
Landlord, and all rights of the Tenant to repossess the premises under this
lease shall be forfeited. Such re-entry by the Landlord shall not operate to
release the Tenant from any rent to be paid or covenants to be performed
hereunder during the full term of this lease. For the purpose of reletting,
the Landlord shall be authorized to make such repairs or alternations in or
to the leased premises as may be necessary to place the same in good order
and condition. The Tenant shall be liable to the Landlord for the cost of
such repairs or alterations, and all expenses of such reletting. If the sum
realized or to be realized from the reletting is insufficient to satisfy the
monthly or term rent provided in this lease, the Landlord, at its option, may
require the Tenant to pay such deficiency month by month, or may hold the
Tenant in advance for the entire deficiency to be realized during the term of
the reletting. The Tenant shall not be entitled to any surplus accruing as a
result of the reletting. The Tenant agrees to pay, as additional rent, all
attorney's fees and other expenses incurred by the Landlord in enforcing any
of the obligations under this lease.

Fourth. The Tenant shall not sub-let the demised premises nor any
portion thereof, nor shall this lease be assigned by the Tenant without the
prior written consent of the Landlord endorsed hereon, which consent shall
not be unreasonably withheld.

Fifth. The Tenant has examined the demised premises, and accepts them in their present condition (except as otherwise expressly provided herein) and without any representations on the part of the Landlord or its agents as to the present or future condition of the said premises. The Tenant shall keep the demised premises in good condition, and shall redecorate, paint and renovate the said premises as may be necessary to keep them in repair and good appearance. The Tenant shall quit and surrender the premises at the end of the demised term in as good condition as the reasonable use thereof will permit. The Tenant shall not make any alterations, additions, or improvements to said premises without the

prior written consent of the Landlord, which consent will not be unreasonably withheld. All erections, alterations, additions and improvements, whether temporary or permanent in character, which may be made upon the premises either by landlord or the Tenant, except furniture or movable trade fixtures installed at the expense of the Tenant, shall be the property of the Landlord and shall remain upon and be surrendered with the premises as a part thereof at the termination of this Lease, without compensation to the Tenant. The Tenant further agrees to keep said premises and all parts thereof in a clean and sanitary condition and free from trash, inflammable material and other objectionable matter. If this lease covers premises, all or a part of which are on the ground floor, the Tenant further agrees to keep the sidewalks in front of such ground floor portion of the demised premises clean and free of obstructions, snow and ice.

Sixth. In the event that any mechanics' lien is filed against the premises as a result of alterations, additions or improvements made by the Tenant, the Landlord, at its option, after thirty days' notice to the Tenant, may terminate this lease and may pay the said lien, without inquiring into the validity thereof, and the Tenant shall forthwith reimburse the Landlord the total expense incurred by the Landlord in discharging the said lien, as additional rent hereunder.

Seventh. The Tenant agrees to replace at the Tenant's expense any and all glass which may become broken in and on the demised premises. Plate glass and mirrors, if any, shall be insured by the Tenant at their full insurable value in a company satisfactory to the Landlord. Said policy shall be of the full premium type, and shall be deposited with the Landlord or its agent.

Eighth. The Landlord shall be not responsible for the loss of or damage to property, or injury to persons, occurring in or about the demised premises, by reason of any existing or future condition, defect, matter or thing in said demised premises or the property of which the premises are a part, or for the acts, omissions or negligence of other persons or tenants in and about the said property. The Tenant agrees to indemnify and save the Landlord harmless from all claims and liability for losses of or damage to property, or injuries to persons occurring in or about the demised premises.

Ninth. Utilities and services furnished to the demised premises for the benefit of the Tenant shall be provided and paid for as follows: water and sewer by the Tenant; gas by the Tenant; electricity by the Tenant; heat by the Tenant; refrigeration by the Tenant; hot water by the Tenant. Electric, gas, equipment maintenance, replacement of equipment and yearly service of equipment which supplies heat, air, electric and plumbing to the demised premises covered by this Lease are to be paid for by the Tenant with no portion thereof to be reimbursed or paid for by the Landlord. The Landlord shall not be liable for any interruption or delay in any of the above services for any reason.

Tenth. The Landlord, or its agents, shall have the right to enter the demised premises at reasonable hours in the day or night to examine the same, or to run telephone or other wires, or to make such repairs, additions or alterations as it shall deem necessary for the safety, preservation or restoration of the improvements, or for the safety or convenience of the occupants or users thereof (there being no obligation, however, on the part of the Landlord to make any such repairs, additions or alterations), or to exhibit the same to prospective purchasers and put upon the premises a suitable "For Sale" sign. For three months prior to the expiration of the demised term, the Landlord, or its agents, may similarly exhibit the premises to prospective tenants, and may place the usual "To Let" signs thereon.

Eleventh. In the event of the destruction of the demised premises or

the building containing the said premises by fire, explosion, the elements or otherwise during the term hereby created, or previous thereto, or such partial destruction thereof as to render the premises wholly untenable or unfit for occupancy, or should the demised premises be so badly injured that the same cannot be repaired within ninety days from the happening of such injury, then and in such case the term hereby created shall, at the option of the Landlord, cease and become null and void from the date of such damage or destruction, and the Tenant shall immediately surrender said premises and all the Tenant's interest therein to the Landlord, and shall pay rent only to the time of such surrender, in which event the Landlord may re-enter and re-possess the premises thus discharged from this lease and may remove all parties therefrom. Should the demised premises be rendered untenable and unfit for occupancy, but yet be repairable within ninety days from the happening of said injury, the Landlord may enter and repair the same with reasonable speed, and the rent shall not accrue after said injury or while repairs are being made, but shall recommence immediately after said repairs shall be completed. But if the premises shall be so slightly injured as not to be rendered untenable and unfit for occupancy, then the landlord agrees to repair the same with reasonable promptness and in that case the rent accrued and accruing shall not cease or determine. the Tenant shall immediately notify the Landlord in case of fire or other damage to the premises.

Twelfth. The Tenant agrees to observe and comply with all laws, ordinances, rules and regulations of the Federal, State, County and Municipal authorities applicable to the business to be conducted by the Tenant in the demised premises. The Tenant agrees not to do or permit anything to be done in said premises, or keep anything therein, which will increase the rate of fire insurance premiums on the improvements or any part thereof, or on property kept therein, or which will obstruct or interfere with the rights of other tenants, or conflict with the regulations of the Fire Department or with any insurance policy upon said improvements or any part thereof. In the event of any increase in insurance premiums resulting from the Tenant's occupancy of the premises, or from any act or omission on the part of the tenant, the Tenant agrees to pay said increase in insurance premiums on the improvements or contents thereof as additional rent.

Thirteenth. No sign, advertisement or notice shall be affixed to or placed upon any part of the demised premises by the Tenant, except in such manner, and of such size, design and color as shall be approved in advance in writing by the Landlord.

Fourteenth. This lease is subject and is hereby subordinated to all present and future mortgages, deeds of trust and other encumbrances affecting the demised premises or the property of which said premises are a part. the Tenant agrees to execute, at no expense to the Landlord, any instrument which may be deemed necessary or desirable by the landlord to further effect the subordination of this lease to any such mortgage, deed of trust or encumbrance.

Fifteenth.

Sixteenth. The rules and regulations regarding the demised premises, affixed to this lease, if any, as well as any other and further reasonable rules and regulations which shall be made by the Landlord, shall be observed by the Tenant and by the Tenant's employees, agents and customers. The Landlord reserves the right to rescind any presently existing rules applicable to the demised premises, and to make such other and further reasonable rules and regulations as, in its judgment, may from time to time be desirable for the safety, care and cleanliness of the premises, and for the preservation of good order therein, which rules, when so made and notice thereof given to the Tenant, shall have the same force and effect as if originally made a part of this lease. Such other and further rules shall not, however, be inconsistent with the proper and rightful enjoyment by the Tenant of the demised premises.

Seventeenth. In case of violation by the Tenant of any of the covenants, agreements and conditions of this lease, or of the rules and regulations now or hereafter to be reasonably established by the Landlord, and upon failure to discontinue such violation within ten days after notice thereof given to the Tenant, this lease shall thenceforth, at the option of the Landlord, become null and void, and the Landlord may re-enter without further notice or demand. The rent in such case shall become due, be

apportioned and paid on and up to the day of such re-entry, and the Tenant shall be liable for all loss or damage resulting from such violation as aforesaid. No waiver by the Landlord of any violation or breach of condition by the Tenant shall constitute or be construed as a waiver of any other violation or breach of condition, nor shall lapse of time after breach of condition by the Tenant before the Landlord shall exercise its option under this paragraph operate to defeat the right of the Landlord to declare this lease null and void and to re-enter upon the demised premises after the said breach or violation.

Eighteenth. All notices and demands, legal or otherwise, incidental to this lease, or the occupation of the demised premises, shall be in writing. If the Landlord or its agent desires to give or serve upon the Tenant any notice or demand, it shall be sufficient to send a copy thereof by registered mail, addressed to the Tenant at the demised premises, or to leave a copy thereof with a person of suitable age found on the premises, or to post a copy thereof upon the door to said premises. Notices from the Tenant to the landlord shall be sent by registered mail or delivered to the Landlord at the place hereinbefore designated for the payment of rent, or to such party or places the Landlord may from time to time designate in writing.

Nineteenth. Subject to applicable bankruptcy statutes and laws, it is further agreed that if at any time during the term of this lease the Tenant shall make any assignment for the benefit of creditors, or be decreed insolvent or bankruptcy according to law, or if a receiver shall be appointed for the Tenant, then the Landlord may, at its option, terminate this lease, exercise of such option to be evidenced by notice to that effect served upon the assignee, receiver, trustee or other person in charge of the liquidation of the property of the Tenant or the Tenant's estate, but such termination shall not release or discharge any payment of rent payable hereunder and then accrued, or any liability then accrued by reason of any agreement or covenant herein contained on the part of the tenant, or the tenant's legal representatives.

Twentieth. In the event that the Tenant shall remain in the demised premises after the expiration of the term of this lease without having executed a new written lease with the Landlord, such holding over shall not constitute a renewal or extension of this lease. the Landlord may, at its option, elect to treat the Tenant as one who has not removed at the end of his term, and thereupon be entitled to all the remedies against the Tenant provided by law in that situation, or the Landlord may elect, at its option, to construe such holding over as a tenancy from month to month, subject to all the terms and conditions of this lease, except as to duration thereof and one and one-half times rent, and in that event the Tenant shall pay monthly rent in advance at one and one-half times the rate provided herein as effective during the last month of the demised term.

Twenty-first. If the property or any part thereof wherein the demised premises are located shall be taken by public or quasi-public authority under any power of eminent domain or condemnation, this lease, at the option of the Landlord, shall forthwith terminate and the Tenant shall have no claim or interest in or to any award of damages for such taking.

Twenty-second. The Tenant has this day deposited with the landlord the sum of \$40,083.34 as security for the full and faithful performance by the Tenant of all the terms, covenants and conditions of this lease upon the Tenant's part to be performed, which said sum shall be returned to the Tenant after the time fixed as the expiration of the term herein, provided the Tenant has fully and faithfully carried out all of said terms, covenants and conditions on Tenant's part to be performed. In the event of a bona fide sale, subject to this lease, the Landlord shall have the right to transfer the security to the vendee for the benefit of the Tenant and the Landlord shall be considered released by the Tenant from all liability of the return of such security; and the Tenant agrees to look to the new Landlord solely for the return of the said security, and it is agreed that this shall apply to every transfer or assignment made of the security to a new landlord. The security deposited under this lease shall not be mortgaged, assigned or encumbered by the Tenant without the written consent of the Landlord.

Twenty-third.

Twenty-fourth. No rights are to be conferred upon the Tenant until this

lease has been signed by the Landlord, and an executed copies of the lease has been delivered to the Tenant.

Twenty-fifth. The foregoing rights and remedies are not intended to be exclusive but as additional to all rights and remedies the Landlord would otherwise have by law.

Twenty-sixth. All of the terms, covenants and conditions of this lease shall inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the parties hereto. However, in the event of the death of the Tenant, if an individual, the Landlord may, at its option, terminate this lease by notifying the executor or administrator of the Tenant at the demised premises.

Twenty-seventh. This lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on part of Tenant to be performed shall in nowise be affected, impaired or excused because Landlord is unable to supply or is delayed in supplying any service expressly or impliedly to be supplied or is unable to make, or is delayed in making any repairs, additions, alterations or decorations or is unable to supply or is delayed in supplying any equipment or fixtures if Landlord is prevented or delayed from so doing by reason of governmental preemption in connection with the National Emergency declared by the President of the United States or in connection with any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by the war.

Twenty-eighth. This instrument may not be changed orally.

Twenty-ninth. See Addendum "A" attached hereto and made a part hereof.

IN WITNESS WHEREOF, the said Parties have hereunto set their hands and seals the day and year first above written.

Witness: S AND S INVESTMENTS (SEAL)

Landlord

S/ JEFFREY H. SANDS
By _____
Jeffrey H. Sands

Attest: DATARAM CORPORATION (SEAL)

Tenant

S/ MARK MADDOCKS

Mark Maddocks
V.P. Finance

ADDENDUM "A" TO LEASE

BETWEEN: S AND S INVESTMENTS (Landlord)
AND: DATARAM CORPORATION (Tenant)

The rent for the demised term shall be One Million Three Hundred Twenty-Two Thousand Seven Hundred Fifty and 04/100 Dollars (\$1,322,750.04), which shall accrue at the rate of:

Year 1 - \$240,500.04 per year/\$20,041.67 per month/\$10.00 per RSF
Year 2 - \$252,525.00 per year/\$21,043.75 per month/\$10.50 per RSF
Year 3 - \$264,549.96 per year/\$22,045.83 per month/\$11.00 per RSF
Year 4 - \$276,575.04 per year/\$23,047.92 per month/\$11.50 per RSF
Year 5 - \$288,600.00 per year/\$24,050.00 per month/\$12.00 per RSF

The said rent is to be payable monthly in advance on the first day of each calendar month for the term hereof. Tenant further understands and agrees that the above figures do not include the taxes, insurance and maintenance reimbursements (TIM) and the management fee as called for in Paragraph 31st below, which shall continue to be due and payable in addition to the rent.

9th - (continued) -Tenant, at its cost, shall maintain the plumbing lines and fixtures in the interior of the premises, including, but not limited to the toilets and sinks and their respective components.

31st - It is understood and agreed that the Tenant will pay any and all real estate taxes or any taxes in the future that may be considered real estate taxes or sales tax levied on rents based upon the Tenant's square foot area in direct relation to the total floor area of the building(s). The Tenant also agrees to pay any and all insurance the Landlord decides to place upon the property which shall include but not be limited to fire, liability, boiler, rent insurance, etc. The total insurance bill for the building(s) shall be paid for on a square footage pro rata basis by the Tenant. Further, the Tenant agrees to pay for any and all common driveway maintenance including but not limited to parking lot and driveway maintenance (including patching and resurfacing), exterior maintenance, snow removal, electric, lawn and landscape maintenance, maintenance and management personnel's salaries including payroll taxes, and all other expenses and capital improvements necessary to maintain the building(s) in good working order including a management fee of 3.5% of the minimum rent and all additional rent due under this Lease. The total common area maintenance amount for the building(s) shall be paid for on a square footage pro rata basis by the Tenant. The above real estate taxes, insurance and common area maintenance ("TIM") charges will be added to the monthly rental and paid monthly and will be considered part of that month's rent under the terms of this lease.

It is agreed between the Landlord and the Tenant that the Tenant's pro rata share of insurance and maintenance reimbursement to be paid by Tenant to Landlord for the four (4) buildings at Windsor Business Park amounts to 26.55%. It is further agreed between the Landlord and the Tenant that the Tenant's pro rata share for the real estate taxes and assessments reimbursement to be paid by Tenant to landlord which will be based on the two buildings (Building 2 and Building 3) on Block __ Lot __ at Windsor Business Park amounts to 57.25%.

32nd - It is understood and agreed that the Tenant will provide its own janitorial service for the leased premises and the bathroom to be used by Tenant. If the bathroom to be used by Tenant is currently used by one or more adjacent tenants who have established a cleaning program for such bathroom, Tenant agrees to reimburse the appropriate

tenant for Tenant's pro rata share of the cost of cleaning the common bathroom within ten (10) calendar days of Tenant's receipt of an invoice. The Tenant is responsible for its own trash removal for the premises. Tenant is obligated to obtain or share a dumpster from a local disposal company and bear the cost of same. Further, should the Tenant not maintain the premises or remove the trash, then in that event. the Landlord is hereby authorized to make the necessary repairs, if any. and remove the trash, then add the cost of same plus 15% to the following month's rent which will be considered part of that month's rent under the terms of this lease.

33rd - It is understood and agreed that this is a net, net, net lease in all respects and further that the Tenant upon vacating the demised premises will leave the premises as it found them subject to normal wear and tear. It is understood and agreed that the Landlord is responsible for building structural defects.

34th - If Landlord receives Tenant's rent three (3) times in any calendar year after the 10th day of the month, it is understood and agreed that thereafter a late charge of 5% of the current month's rent will be paid by the Tenant should its rent not be received by the Landlord on or before the 10th day of the month for which the rent covers, further, a second late charge of 5% of the current month's rent will be paid by the Tenant if its rent is not received by the 201 day of the month for which the rent covers; thus making a total of 10%.

35th - It is understood and agreed that this lease can be cancelled, at the option of the Landlord, should the Tenant be thirty (30) days or more in arrears with its rent, or any other monies due the Landlord or should the Tenant not keep the premises in a neat and tidy condition, that is to say, the Tenant shall not place trash, cartons, etc., in or about the premises.

36th - Tenant agrees to pay as rent in addition to the minimum rental herein

reserved, any and all sums which may become due by reason of the failure of the Tenant to comply with all costs and expenses which the Landlord might suffer or incur by reason of any default of the Tenant or failure on its part to comply with the covenants of this lease and also any and all damages to the demised premises caused by any act or neglect of the Tenant, its employees, agents or clients. Upon any default by tenant under the terms of the Lease, all or part of the security deposit may, at any time and in Landlord's sole discretion, be applied on account of such default, and thereafter Tenant shall restore the resulting deficiency in the security deposit within ten (10) days of notice of application. Tenant's failure to restore the deficiency shall constitute a default under the terms of the Lease.

37th Tenant agrees, at its cost, to furnish all required fire extinguishers and sprinkler systems as necessary, maintain, repair and replace them and any exit signs for internal traffic flow in the premises and pay for any inspection fees and permits for same if required by applicable government authorities with jurisdiction over the premises.

38th - The Tenant will pay for the utilities (gas, electric, etc.) which shall be placed in Tenant's name (gas, electric, etc.) prior to Landlord's delivery of the premises to Tenant which costs are attributed directly to the utility meter servicing the area leased.

39th - Tenant to maintain, repair and replace, at its sole cost, the HVAC system including any air conditioning compressor or boiler that cannot be repaired.

Landlord and Tenant agree that the roof and exterior of the demised premises is presently in satisfactory condition. The Tenant hereby agrees to maintain the above named area and be responsible for the maintenance, repairs or replacements during the life of this lease or any option or extensions thereof. Prior to any repairs, Tenant agrees to notify Landlord of work to be done and by which roof contractor. Should the Tenant not repair the roof as needed, then the Landlord has the option of repairing it and charging the Tenant the cost plus 25%.

40th - All Tenant renovations must be done in good, workmanlike and orderly fashion and shall be of such nature as to not adversely affect the safety or structural soundness

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of the building. No renovations shall be commenced by Tenant without the prior written consent of the Landlord, which consent shall not be unreasonably withheld.

41st - No diminution or abatement of rent, or other compensation shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the building, its appliances or services.

42nd - Except as set forth below, signage is confined to Tenant's front entrance door and/or exterior glass door only. All signs must use one color for lettering and may not exceed an overall size of 4" high by 20" in length unless Tenant requests and receives prior written approval from Landlord. No sign may be fastened, attached or adhered to any door in such a manner as to mar or damage said door. Tenant's current free-standing pylon sign is approved by Landlord.

43rd - The sidewalks, entrances, passages, stairway or halls shall not be obstructed by any Tenant or used for any purpose other than ingress and egress to and from the demised premises. Tenant agrees not to place any materials, boxes, etc., in these areas and agrees to keep the areas clear of any of Tenant's belongings.

44th - No awnings, air conditioning units or other projections shall be attached to the outside of the building or windows without the prior written consent of the Landlord.

45th - The skylights, windows and doors that reflect or admit light and air into the halls, or other public places in the building shall not be covered or obstructed by any Tenant.

46th - The water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed and no rubbish, rags, chemicals or other substance shall be thrown therein. All damages resulting from any misuse of fixtures shall be borne by the Tenant who, or whose employees, agents, visitors or licensees shall have caused the same.

47th - Except for hanging normal office pictures and the like, no Tenant shall mark, paint, drill into or in any way deface any part of the demised premises or the building of which they form a part. No boring, cutting or stringing of wires shall be permitted except with the prior written consent of the Landlord.

48th - Intentionally deleted.

49th - No Tenant shall make, or permit to be made, any unseemly or disturbing noises, objectionable odors which disturb or interfere with occupants of this or neighboring premises or those having business with them. Tenant shall not permit animals to be brought or kept on the premises.

50th - Equipment or machinery shall be placed in approved settings to absorb or prevent any noise, odor or annoyance. No Tenant shall place a load upon any floor of the building exceeding the floor loads per square foot area which such floor was designed to carry and all floor loads shall be evenly distributed. The Landlord reserves the right to prescribe the weight and position of all safes, which must be placed so as to distribute the weight.

51st - Canvassing, soliciting and peddling in the building is prohibited and each Tenant shall cooperate to prevent the same.

52nd - Tenant agrees to accept the premises called for in this lease in an "AS IS" condition with no work to be performed by landlord whatsoever.

The Tenant shall be responsible for any replacement of all light bulbs as may become necessary during the term of this lease.

If required by the township in which the property is located or any other governmental authority having jurisdiction thereof, if Tenant is performing any improvements to the premises, within fifteen (15) days of signing this lease, Tenant shall furnish to Landlord

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four (4) sets of final plans and specifications which shall be sealed by a registered architect. Landlord shall have five (5) days to either approve or reject the plans. Tenant shall have ten (10) days to make any revisions requested by Landlord if necessary. Upon approval of plans by Landlord, Tenant shall make application to the township for building permits within five (5) days. Tenant will begin improvements on the demised space within ten (10) days of receipt of building permits.

All communication wiring, telephone, computer and electrical permits shall be done at Tenant's expense with no involvement by the Landlord.

53rd - Tenant shall obtain and keep in full force and effect during the term of this lease at its own cost and expense Commercial General Liability Insurance. such insurance to afford protection iii an amount of not less than \$1,000,000. for injury or death to any one person, \$ I ,000,000. for injury or death arising out of any one occurrence, and \$1,000,000. for damage to property, protecting and naming the Landlord and the Tenant as insureds against any and all claims for personal injury, death or property damage occurring in, upon, adjacent, or connected with the Demised Premises and any part thereof. Tenant shall pay all premiums and charges thereof and upon failure to do so Landlord may, but shall not be obligated to, make such payments and in such latter event the Tenant agrees to pay the amount thereof to Landlord on demand and said sums shall be deemed to be additional rent and in each instance collectible oh the first day of any month following the date of notice to Tenant in the same manner as though it were rent originally reserved hereunder, together with interest thereon at the rate of three points in excess of the prime rate from the Chase Manhattan Bank, N.A., as same may change from time to time (the "Interest Rate"). Tenant will use its best efforts to include in such commercial general liability insurance policy a provision to the effect that same will be non-cancelable, except upon

reasonable advance written notice to Landlord. The original insurance policies or appropriate certificates shall be deposited with the Landlord together with any renewals, replacements or endorsements to the end that said insurance shall be in full force and effect for the benefit of the Landlord during the term of this lease. In the event Tenant shall fail to procure and place such insurance, the Landlord may, but shall not be obligated to, procure and place same, in which event the amount of the premium paid shall be refunded by Tenant to the Landlord upon demand and shall in each instance be collectible on the first day of the month or any subsequent month following the date of payment by Landlord, in the same manner as though said sums were additional rent reserved hereunder together with interest thereon at the rate of three points in excess of the prime rate of the Chase Manhattan Bank, NA., as same may change from time to time.

54th - Tenant will neither assign this lease nor sublet the premises or any part thereof without the written approval of Landlord not to be unreasonably withheld. If Tenant desires to assign this lease or to sublet all or part of the premises, it must, prior to entering into such assignment or sublease, serve notice upon Landlord of its intention to make such assignment or subletting which notice will contain (i) the name and address of the proposed assignee or subtenant, (ii) the full and complete terms and conditions of the assignment or subletting and in the case of subletting the exact space to be sublet, (iii) a financial statement from the proposed assignee or subtenant, (iv) the nature of the proposed assignee's or subtenant's business and its proposed use of the premises, and (v) a copy of plans and specifications for any required alterations to the premises. If Landlord approves the assignment or sublet, same is conditioned upon Tenant's delivery to Landlord, in recordable form and within ten days after its execution, of a duplicate original of the assignment or sublease and, in the event of an assignment, an agreement reasonably acceptable to Landlord wherein the assignee assumes and agrees to keep, observe and perform all the covenants, conditions and obligations of Tenant under the lease. Notwithstanding any assignment, sublease or other occupancy, with or without Landlord's consent, Tenant will remain primarily liable on this lease unless expressly agreed by the Landlord to the contrary, in writing. Landlord may require as a condition to its consent to an assignment or sublease that the then current rent and any future rent be increased by up to 10%.

55th - The Tenant understands and agrees that it is responsible for ordering and paying the cost of any extermination of bugs or insects found in the premises.

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56th - All monies received from the Tenant shall be applied first to late charges (if any), other monies due and owing the Landlord (if any), and lastly applied to the rent. The Tenant agrees that should any monies be more than twenty (20) days in arrears. The Tenant is to pay by money order, certified check, or in cash. A personal check will not be accepted. The Tenant agrees that should a check ever "bounce" for any reason whatsoever, a return check fee will be paid by the Tenant to the Landlord in the amount of \$75.00.

57th - Landlord and Tenant each acknowledge that the commencement date shall be July 1, 2001. When the commencement date occurs, Landlord and Tenant shall execute an agreement memorializing the commencement date and expiration date, which agreement shall be attached hereto and made a part hereof.

58th - Tenant understands and agrees to supply Landlord with a key should the locks be changed for any reason whatsoever. Landlord shall require a working key to the demised premises at all times in case of emergency. Should Tenant fail to supply Landlord with a working key to the demised space, then in that event, Tenant shall hold Landlord harmless for any and all damages should the Landlord be required to forcibly enter the demised space due to an emergency situation.

59th - The Landlord and Tenant agree that should suit be commenced by either party, the prevailing party will be reimbursed its legal fees, costs, etc., by the other party.

60th - The Landlord and Tenant agree that the venue shall be Mercer County, New Jersey, should any litigation be commenced with respect to this lease.

61st - The Tenant will secure a Workers' Compensation Insurance Policy, covering all employees of the Tenant and provide the Landlord with a copy thereof. In the event that it is contemplated that the Tenant shall have 110 employees, then in that event, the Tenant will secure a minimum workers' compensation insurance policy, and provide the Landlord with a copy thereof.

62nd - Landlord and Tenant agree that if any claim should be made for commissions by any broker by reason of any act of Landlord or Tenant or its representatives, Landlord or Tenant will indemnify, defend and hold the other party free and harmless from any and all loss, liabilities and expenses in connection therewith. Each party will give prompt notice to the other party after any such claim is made by any broker. Landlord and Tenant will have the right to defend such claim and each party will not pay or settle such claim as long as the other party is defending same.

63rd - Tenant understands that the square foot figures quoted in this lease are determined by measuring the area using exterior dimensions and including a portion of the common area. Front to rear dimensions are measured from outside wall to outside wall and side to side dimensions are middle of wall to middle of wall, except in circumstances where a side wall is an exterior wall and measurements are then taken from the outside of the walls.

64th - Intentionally deleted.

65th - If required by the municipality, it is the responsibility of the Tenant to obtain the Certificate of Occupancy.

66th - This lease is subject and is hereby subordinated to all present and future mortgages, deeds of trust and other encumbrances affecting the demised premises or the property of which said premises are a part. The Tenant agrees to execute, at no expense to the Landlord, any instrument which may be deemed necessary or desirable by the landlord to further effect the subordination of this lease to any such mortgage, deed of trust or encumbrance.

67th - Notwithstanding anything to the contrary provided in this Lease, if Landlord

any successor in interest of Landlord shall be a mortgagee or an individual, joint venture, tenancy in common, firm or partnership, general or limited or limited liability company, it is specifically understood and agreed that there shall be absolutely 110 personal liability on the part of the Landlord or such mortgagees or such individual or on the part of the members of such firm, partnership, joint venture or limited liability company with respect to any of the terms, covenants, and conditions of this Lease and that Tenant shall look solely to the equity of the Landlord or such successor in interest in the premises and the building of which the premises is a part and not to any other assets of Landlord or any successor in interest for the satisfaction each and every remedy of Tenant in the event of any breach by Landlord or by such successor in interest of any of the terms, covenants and conditions of this Lease to be performed by Landlord, such exculpation of personal liability to be absolute and without any exception whatsoever

68th - The Tenant is granted one (1) five (5) year option to renew the Lease under the same terms and conditions as set forth herein, except that the rent shall be increased as set forth below. The option period shall commence five (5) years from the commencement date of the above referenced Lease and terminate five (5) years from the commencement date of the option period. If Tenant desires to renew the Lease, the Tenant must serve written notice by certified mail, return receipt requested, on the Landlord nine (9) months prior to the expiration date of the above Lease, TIME BEING OF THE ESSENCE. If notice is not received by such time or if Tenant has not fulfilled completely and in a timely manner all terms and conditions of this Lease, Tenant's option to renew this Lease is void and of no effect.

The rent for the five (5) year option period shall be as follows:

Year 1 - \$300,624.96 per year/\$25,052.08 per month/\$12.50 per RSF
Year 2 - \$312,650.04 per year/\$26,054.17 per month/\$13.00 per RSF
Year 3 - \$324,675.00 per year/\$27,056.25 per month/\$13.50 per RSF
Year 4 - \$336,699.96 per year/\$28,058.33 per month/\$14.00 per RSF
Year 5 - \$348,725.04 per year/\$29,060.42 per month/\$14.50 per RSF

The rents for the option period shall be paid in 1/12 equal monthly installments due on the first of each month. Tenant agrees that the demised space is accepted during the renewal period(s) in an "AS 15" condition. Tenant further understands that the above figures do not include the taxes, insurance and maintenance (TIM) reimbursements and the management fee, as called for in Paragraph 31st above, which shall continue to be due and payable in addition to the rent.

ADDENDUM "C" DATED SEPTEMBER 19, 2000 TO LEASE

BETWEEN: S AND S INVESTMENTS (Landlord)
AND: DATARAM CORPORATION (Tenant)

The Landlord and Tenant agree to amend the above-referenced lease and any addenda thereto as follows. The paragraph numbers below refer to the paragraph numbers in the Lease and Addendum "A":

1. Paragraph Third of the Lease is hereby amended by adding the following to the end of the paragraph: "Notwithstanding the above, the Landlord agrees to provide the Tenant with thirty (30) days written notice prior to commencing an eviction action against the Tenant."
2. Paragraph Eighth of the Lease is hereby amended by adding the following to the end of the paragraph: ", which damage or injuries are not the result of the Landlord's negligence."
3. Paragraph Eleventh of the Lease is hereby amended by adding the words "or Tenant" between the words "Landlord" and "cease", in the fifth line of the paragraph.
4. Paragraph Fourteenth of the Lease is hereby amended by adding the following to the end of the paragraph: "Notwithstanding the above, the Landlord agrees that should the Tenant be requested to execute a subordination agreement, the Landlord will provide to the Tenant a non-disturbance agreement stating that should the financial institution foreclose upon the property, it will not terminate this Lease but will assume the obligations of the Landlord."
5. Paragraph Twenty-first of the Lease is hereby amended by adding the following to the end of the paragraph: "Notwithstanding the above, it is understood that the Tenant can pursue its own action against the condemning authority for damages due to said condemnation. Said action by the Tenant shall be separate from that of the Landlord."

Where the above conflicts with the above referenced Lease and any Addenda thereto, this Addendum "C" shall supersede. Where no conflicts occur, the above Lease and any Addenda thereto shall remain in full force and effect.

[DATARAM LOGO]

DATARAM CORPORATION

2001 ANNUAL REPORT

Financial Highlights and Table of Contents

(Dollar figures in thousands, except per share amounts)

Fiscal Year	2001	2000	1999	1998
Revenues	\$ 130,577	\$ 109,152	\$ 75,853	\$ 77,286
Net earnings	8,595	7,846	5,635	3,722
Net earnings per common and common share equivalent (diluted)	.88	.81	.60	.40
Working capital	20,533	22,711	17,438	14,539
Stockholders' equity	38,043	26,894	20,019	16,968

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[PICTURE OF ROBERT TARANTINO]

To Our Shareholders

It is with pleasure that I report on our fiscal 2001 performance and present our outlook and plans for the future.

Fiscal 2001 was a year in which Dataram achieved record financial results. Despite the challenging economic environment that surfaced by calendar 2000 year-end, the Company continued profitable growth. As a leading independent provider of server memory products, the Company continued to benefit from growth in the Internet and in the installed base of network servers in Corporations worldwide. In fiscal 2001, we increased our revenues, net earnings and earnings per share to record levels. The Company's revenues increased by 20% in fiscal 2001 to \$130,577,000 from fiscal 2000 revenues of \$109,152,000. Net earnings increased by 10% in fiscal 2001 to \$8,595,000, or \$0.88 per diluted share, from \$7,846,000, or \$0.81 per diluted share.

We continued our policy of timely new product introductions. In fiscal 2001, the Company introduced 69 new server memory products to the market. We were first to market with memory modules using DDR SDRAM technology last year, and we launched our DDR modules at CeBIT 2001 in Hanover, Germany.

During the fiscal fourth quarter, Dataram completed the acquisition of certain assets of Memory Card Technology A/S (MCT). The acquisition has expanded the Company's direct market presence to 16 countries, enlarged our sales force, increased our customer base, added a state-of-the-art manufacturing facility in Denmark and significantly diversified our already broad server memory product line with the addition of desktop, notebook and flash memory products.

We continue to be positive about the prospects for the memory market. Currently, economic uncertainty, reduced capital spending and the weak chip pricing environment continue to impact industry growth. However, while it seems that technology spending will remain soft in the short term, there are indications of recovery in the second half of the fiscal year. Demand will pick up in the traditional marketplace and other industrial applications will add incremental sales. Current developments with the Internet, broadband and high-speed access connections and high-density servers are unstoppable. Users will need more servers, workstations, desktops and notebooks with more memory in them. Our Company is geared to take advantage of these developments. In the current environment, we are integrating our management team to maximize the opportunities afforded by our expanded geographic reach, customer base and product line. During this process, we are committed to remaining highly cost efficient to preserve profitability as we position the Company for further growth as economic conditions improve.

Enhancing shareholder value is a top priority. Company management maintains an ongoing communications program with the investment community. To improve liquidity of our shares, the Company's Board of Directors has approved two stock splits in the last three years while maintaining an open market share repurchase authorization.

On behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders and the investment community for their continued support and to express our appreciation to our employees, whose hard work and dedication are instrumental to our continued success.

July 12, 2001

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

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Company Profile

GEARING FOR THE FUTURE

Dataram is a worldwide leader in the design, development and manufacture of memory products. Our products are sold worldwide to OEMs, distributors, value-added resellers, and corporate accounts. Dataram memory today powers the Internet, Corporations, small businesses, personal computers, and a wide range of other industrial and consumer applications from telecommunications and engineering to digital cameras and palm tops. Our products support the continuing rapid development of the Internet, allowing our partners to fully exploit the possibilities of the new mainstream digital market and high-speed broadband connections.

We at Dataram are gearing for the future. Today, technology is a fusion of products and power creating seamless links interfacing at every level. Huge investments in fiber connections, digital subscriber line's (DSL), fixed wireless and cable modems are creating massive increases in bandwidth. High-speed connections equal more computing power, driving strong demand for cost-effective, powerful servers and storage scaled to meet ever-increasing traffic. Broadband and high speed access are promoting increased usage of high-performing PC's in the home including users who want advanced digital video and sound capabilities. From companies to consumers, Dataram meets the demand of the broadband digital age. We offer a complete spectrum of products ranging from a specialized line of gigabyte-class memory for entry- to enterprise-level servers and workstations to desktop, notebook, flash, and video memory. Dataram's strength is our ability to acknowledge the enormous volatility of our industry and to take creative steps to profit from what it offers us. We constantly assess our ideas and our resources for their relevance to tomorrow's Dataram, not today's. We have secured the basis for continued growth and positioned the Company to continue to meet and surpass customer expectations in fiscal 2002.

Our Mission

To be the best memory company in the world, by being the best at what we do. We provide superior products and customer service, with highly motivated and trained employees contributing to superior financial performance.

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To provide our customers with a total performance package, with leading-edge product design and development, just-in-time delivery, competitive price performance, and top service and support, characterizing our commitment to be the best partner imaginable.

Market Responsiveness

Our understanding of the market has enabled us to create a sales model that gives us an important competitive advantage in the memory industry. This foundation positions us uniquely worldwide, with dedicated sales teams focused on being the local choice for their customers in their marketplace. Demonstrating our commitment to securing profitable growth partly through a targeted acquisition, the Company now has an experienced international sales force in 15 foreign countries worldwide, providing outlets for our products

in markets where we were not previously represented.

Dataram will continue to focus on key channel partners in our four global regions. In the Asia Pacific region, the Company is now well positioned in seven countries in the region to execute our strategic plans and increase our market share. In Europe we will continue to build on our current market position,

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penetrating new markets and new countries from our four European sales offices covering the continent. We will increase sales of our current product portfolio to our current customers.

In the US market, Dataram will continue to focus on server memory products and will continue to strengthen its current activities in the market. Sales of desktop and notebook memory products will also contribute to revenue and we will continue to be open for other channel possibilities. Dataram is represented in key countries in the Latin American region. With sales offices in four countries, the platform is laid to take advantage of the memory business in the region.

Manufacturing Flexibility

Our value advantage lies in our consistently being the best in product quality, customer service and responsiveness. Dataram manufactures the industry's broadest and most complete range of memory. We manufacture memory products based on leading edge technologies such as DDR SDRAM, Rambus(R) DRAM, and PC133 SDRAM, and exploit the unique advantage we have with two top product design and development teams working out of Denmark and the United States.

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Dataram provides large-capacity memory boards for Compaq, HP, IBM, Intel, SGI and Sun computers. The Company is a CMTL Gold Certified Manufacturer - meaning our modules are approved by the only independent test laboratory approved by Intel. Our state-of-the-art manufacturing facilities in Denmark and the USA are ISO 9001 approved. Dataram guarantees compatibility, has high volume production capacity, offers rapid availability, and provides a lifetime warranty. We consider these parameters the minimum for providing the best possible service to customers.

Product Innovation

Timely, new product development and innovation are a key to our success. The high-density server market is one of the fastest growing market segments with a focus on companies that utilize high-powered web servers and Internet data centers such as ASPs, ISPs, and hosting/collocation. Nearly 450,000 high-density servers will ship in 2001, with an expected growth to 700,000 units per year by 2004.

Dataram takes pride in being first-to-market with key, strategic memory solutions that keep pace with today's intense computing environments. In 2001, we introduced 69 new products to our target markets. At the cornerstone of Sun Microsystems server family, Dataram was first-to-market with memory products for The Sun Fire 3800-6800 Midframe and 280R Midrange server families. We introduced several new IBM server memory products for our business customers, including the high-end enterprise and scalable processing (SP) systems. To respond to the demands of the rack-hungry Internet Service Provider (ISP) market, Dataram introduced a full line of memory products for Hewlett Packard's state of the art ultra-thin rack mounted servers.

Our Difference

With a sales team in 16 countries worldwide, Dataram has the local presence, global network, professional competence, and strategic focus to ensure that value is added at every link of the chain. Dataram attracts and retains the best-qualified employees, which is a key parameter in a highly competitive industry. Our financial stability, focus on profitability, knowledge of our markets and understanding of our partners' needs ensures that our

organization is best able to support Dataram's mission and strategies, and the Company is then uniquely positioned to respond with flexibility and accuracy to developments in the IT industry.

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

Overview

Dataram is a developer, manufacturer and marketer of large capacity memory products primarily used in high performance network servers. In March, 2001 the Company acquired certain assets of Memory Card Technology A/S (MCT), a Danish corporation in suspension of payments under Danish bankruptcy law. As a result of the acquisition, the Company has expanded its product line to include memory for desktop, notebook and flash memory applications.

The Company's memory products, principally for computers manufactured by Sun Microsystems, COMPAQ, Hewlett-Packard, Silicon Graphics, IBM, Intel motherboard based servers, desktops and notebooks as well as flash memory products are sold worldwide to original equipment manufacturers, distributors, value-added resellers and end users. The Company has manufacturing facilities in Denmark and the United States with sales offices in the United States, Europe, Latin America and the Asia Pacific region. The Company is an independent memory manufacturer and competes with several other large independent memory manufacturers as well as the original equipment manufacturers mentioned above. The primary raw material used in producing memory boards are dynamic random access memory (DRAM) chips. The purchase cost of DRAM chips typically represents approximately 80% of the total cost of a finished memory board. Consequently, average selling prices for computer memory boards are highly dependent on the pricing and availability of DRAM chips.

Results of Operations

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

Years Ended April 30,	2001	2000	1999
Revenues	100.0%	100.0%	100.0%
Cost of sales	74.7	75.0	72.3
Gross profit	25.3	25.0	27.7
Engineering and development	1.3	1.3	1.8
Selling, general and administrative	13.5	12.5	14.6
Goodwill and intangible asset amortization expense	0.2	—	—
Earnings from operations	10.3	11.2	11.3
Other income (expense), net	0.6	0.4	0.6
Earnings before income tax expense	10.9	11.6	11.9
Income tax expense	4.3	4.4	4.4
Net earnings	6.6	7.2	7.5

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Fiscal 2001 Compared With Fiscal 2000

Revenues in fiscal 2001 totaled \$130.6 million, an increase of 20% from fiscal 2000 revenues of \$109.2 million. Fiscal 2001 includes approximately \$4.4 million of revenues from the Company's acquired operations. Fiscal 2001 was a year characterized by a significant change in market conditions. For the first half of the year, demand for the Company's products continued to accelerate driven by increased capital spending for internet and corporate infrastructure. DRAMS became slightly more expensive than they had been in the prior fiscal year and the Company's average selling prices increased as well. In the second half of the year, largely as a result of the widely publicized slowdown in technology and telecommunications spending, DRAMS declined significantly in price resulting in a decline in average selling prices of the Company's products of approximately 35% from the first half of the year. The conditions of economic slowdown, decreased capital spending and declining selling prices has continued into fiscal 2002 and management anticipates that the Company's revenues will be impacted by these factors for at least the first half of this fiscal year.

Cost of sales increased \$15.7 million in fiscal 2001 to \$97.6 million from fiscal 2000 cost of sales of \$81.9 million. Cost of sales as a percentage of revenue decreased by 0.3% in fiscal 2001 from fiscal 2000.

Engineering and development costs amounted to \$1.7 million in fiscal 2001 compared to \$1.4 million in fiscal 2000. The Company intends to maintain its commitment to the timely introduction of new memory products as new computers are introduced.

Selling, general and administrative expenses were \$17.6 million in fiscal 2001 versus \$13.7 million in fiscal 2000. Fiscal 2001 expenses include approximately \$1.4 million of expenses from the Company's acquired operations. The Company's focus in fiscal 2002 will be to continue the integration of its worldwide sales, marketing, and administrative staffs.

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Goodwill and intangible asset amortization expense was \$300,000 in fiscal 2001 versus nil in fiscal 2000. Fiscal 2001 expense was a result of the acquisition. Annual expected future goodwill and intangible asset amortization is \$2.6 million.

Other income, net totaled \$855,000 and \$491,000 in fiscal 2001 and 2000, respectively. Other income, net in fiscal 2001 consists of interest income of \$1,038,000 and interest expense of \$183,000. Fiscal 2000 other income, net consists of interest income of \$533,000 and interest expense of \$42,000.

Fiscal 2000 Compared With Fiscal 1999

Revenues in fiscal 2000 totaled \$109.2 million, an increase of 44% from fiscal 1999 revenues of \$75.8 million. Unit volume measured as gigabytes shipped increased by approximately 70% in fiscal 2000 over fiscal 1999 levels. Average selling price per gigabyte declined by approximately 17% in fiscal 2000 from fiscal 1999. The Company's selling prices are largely dependant on the price of DRAM chips which can be volatile. The majority of the Company's revenues were generated by products designed for SUN, Intel, COMPAQ, Hewlett-Packard and Silicon Graphics platforms.

Cost of sales increased \$27.1 million in fiscal 2000 from fiscal 1999. Cost of sales as a percentage of revenue increased by 2.7% in fiscal 2000 from fiscal 1999. The percentage increase is primarily attributable to the growth in revenues of the Company's Intel certified products which were introduced in the third quarter of fiscal 1999 and which command lower margins than the Company's compatibles products.

Engineering and development costs amounted to \$1.4 million in fiscal 2000 and 1999.

Selling, general and administrative costs were \$13.7 million in fiscal 2000 versus \$11.1 million in fiscal 1999. Fiscal 2000 expenses included full year expenses associated with the Company's expansion of its sales force initiated in fiscal 1999 as well as increased marketing expenditures.

Other income, net totaled \$491,000 and \$436,000 in fiscal 2000 and 1999, respectively. Other income in both years consists primarily of net interest income.

Liquidity and Capital Resources

The Company's cash and working capital position remains strong. Working capital at the end of fiscal 2001 amounted to \$20.5 million, including cash and cash equivalents of \$10.2 million, compared to working capital of \$22.7 million, including cash and cash equivalents of \$13.7 million in fiscal 2000. Current assets at year end were 2.5 times current liabilities compared to 2.8 at the end of fiscal 2000.

Inventories at the end of fiscal 2001 were \$5.9 million compared to fiscal 2000 year end inventories of \$4.7 million. The increase in inventories is attributable to inventory purchased as part of the acquisition of certain assets of MCT.

Capital expenditures were \$2.2 million in fiscal 2001 compared to \$2.8 million in fiscal 2000. Capital expenditures in both years were primarily for manufacturing equipment, leasehold improvements and management information systems upgrades. At the end of fiscal 2001, contractual commitments for capital purchases were zero. Fiscal 2002 capital expenditures are expected to be less than fiscal 2001 expenditures.

On March 23, 2001, the Company acquired certain assets of MCT for total consideration of approximately \$32.0 million of which approximately \$28.6 million was paid in cash plus the assumption of certain payables and accrued expenses, certain direct transaction costs and certain MCT employee rationalization costs all of which total approximately \$3.4 million.

On June 15, 1999, the Company announced an open market repurchase plan providing for the repurchase of up to 500,000 shares of the Company's common stock. As of April 30, 2001, the total number of shares authorized for purchase under the program is 294,700 shares. Approximately \$1.0 million of common stock was repurchased in fiscal 2001.

In April, 2001, the Company entered into a credit facility with its bank which provided for a \$10 million term loan and a \$15 million revolving credit line. The Company's prior \$12 million revolving credit facility was closed. The term loan matures in March, 2006 and is payable in twenty equal quarterly installments. In May, 2001, the Company entered into an arrangement with its bank which fixes the interest rate of the term loan at 7.16% for the duration of the loan. At April 30, 2001, the amount

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available for borrowing under the revolving credit line was \$15 million.

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

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

Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which as amended, becomes effective for our financial statements beginning May 1, 2001. SFAS No. 133 requires a company to recognize all derivative instruments as assets or liabilities in its balance sheet and measure them at fair value. The

adoption of this Statement will not have a material impact on the consolidated financial statements. The Company entered into an interest rate swap agreement in May 2001 which obligates the Company to pay a fixed rate of 7.16% for the duration of its term loan. The Company has structured this interest rate swap agreement and intends to structure all future such agreements to qualify for hedge accounting pursuant to the provisions of SFAS 133.

Quantitative and Qualitative Disclosure About Market Risk

The Company does not invest in market risk sensitive instruments. The Company's investments during the past fiscal year have consisted of overnight deposits with banks. The average principal sum invested was approximately \$20.8 million and the weighted average effective interest weight for these investments was approximately 5%. The Company's rate of return on its investment portfolio changes with short-term interest rates, although such changes will not effect the value of its portfolio. The Company's objectives in connection with its investment strategy is to maintain the security of its cash reserves without taking market risk with principal.

The Company purchases and sells primarily in U.S. dollars. The Company sells in foreign currency to a limited number of customers and as such incurs some foreign currency risk. At any given time, approximately 15 to 20 percent of the Company's accounts receivable are denominated in currencies other than U.S. dollars. The Company also incurs expenses in these same currencies, primarily payroll and facilities costs which hedge these assets. At present, the Company does not purchase forward contracts as hedging instruments, but intends to do so as circumstances warrant.

Common Stock Information

The Common Stock of the Company was traded on the American Stock Exchange under the symbol "DTM" through January 31, 2000. On February 1, 2000, the Company moved the trading of its Common Stock to the NASDAQ National Market with the symbol "DRAM". The following table sets forth, for the periods indicated, the high and low closing prices for the Common Stock.

	2001		2000	
	High	Low	High	Low
First Quarter	\$47.50	\$17.00	\$ 7.50	\$ 4.83
Second Quarter	35.00	14.50	10.79	6.33
Third Quarter	22.88	9.75	23.00	10.63
Fourth Quarter	17.50	7.63	28.19	14.75

At April 30, 2001 there were approximately 7,000 shareholders.

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

DATARAM CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
April 30, 2001 and 2000
(In thousands, except share and per share amounts)

	2001	2000
Assets		
Current assets:		

Cash and cash equivalents	\$10,236	\$13,650	
Trade receivables, less allowance for doubtful accounts and sales returns of \$450 and \$450 in 2001 and 2000	17,641	16,241	
Inventories:			
Raw materials	2,841	2,454	
Work in process	236	223	
Finished goods	2,848	1,974	
	<u>5,925</u>	<u>4,651</u>	
Deferred income taxes	502	428	
Other current assets	386	157	
Total current assets	<u>34,690</u>	<u>35,127</u>	
Property and equipment:			
Land	875	875	
Machinery and equipment	17,714	8,010	
	<u>18,589</u>	<u>8,885</u>	
Less accumulated depreciation and amortization	5,363	3,878	
Net property and equipment	<u>13,226</u>	<u>5,007</u>	
Goodwill, less accumulated amortization of \$210 in 2001	9,957	-	
Intangible assets, less accumulated amortization of \$90 in 2001	7,043	-	
Other assets	365	17	
	<u>\$65,281</u>	<u>\$40,151</u>	
Liabilities and Stockholders' Equity			
Current liabilities:			
Current installments of long-term debt	\$ 2,000	\$ -	
Current installments of obligations under capital leases	978	-	
Accounts payable	7,219	9,538	
Accrued liabilities	3,960	2,878	
Total current liabilities	<u>14,157</u>	<u>12,416</u>	
Deferred income taxes	948	841	
Long term debt, excluding current installments	8,000	-	
Obligations under capital leases, excluding current installments	4,133	-	
Total liabilities	<u>27,238</u>	<u>13,257</u>	
Stockholders' equity:			
Common stock, par value \$1.00 per share. Authorized 54,000,000 shares in 2001 and 18,000,000 shares in 2000; issued and outstanding 8,492,219 in 2001 and 8,278,403 in 2000	8,492	8,278	
Additional paid-in capital	4,065	981	
Retained earnings	25,403	17,635	
Accumulated other comprehensive income	83	-	
Total stockholders' equity	<u>38,043</u>	<u>26,894</u>	
Commitments and contingencies			
	<u>\$65,281</u>	<u>\$40,151</u>	

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
 Consolidated Statements of Earnings
 Years ended April 30, 2001, 2000 and 1999
 (In thousands, except per share amounts)

	2001	2000	1999
Revenues	\$130,577	\$109,152	\$ 75,853
Costs and expenses:			
Cost of sales	97,588	81,877	54,814
Engineering and development	1,673	1,391	1,373
Selling, general and administrative	17,600	13,701	11,108
Goodwill and intangible asset amortization expense	300	-	-
	117,161	96,969	67,295
Earnings from operations	13,416	12,183	8,558
Other income (expense):			
Interest income	1,038	533	479
Interest expense	(183)	(42)	(43)
	855	491	436
Earnings before income tax expense	14,271	12,674	8,994
Income tax expense	5,676	4,828	3,359
Net earnings	\$ 8,595	\$ 7,846	\$ 5,635
Net earnings per common share:			
Basic	\$ 1.01	\$.99	\$.69
Diluted	\$.88	\$.81	\$.60

See accompanying notes to consolidated financial statements.

DATARAM CORPORATION AND SUBSIDIARIES
 Consolidated Statements of Cash Flows
 Years ended April 30, 2001, 2000 and 1999
 (In thousands)

	2001	2000	1999
Cash flows from operating activities:			
Net earnings	\$8,595	\$7,846	\$5,635
Adjustments to reconcile net earnings to net cash provided by operating activities:			

Depreciation and amortization	1,785	1,307	1,147
Bad debt expense (recovery)	163	58	(125)
Deferred income tax expense(benefit)	33	(138)	(37)
Changes in assets and liabilities: (net of effect from the acquisition of business):			
(Increase) decrease in trade receivables	6,578	(4,283)	(1,815)
(Increase) decrease in inventories	1,858	(1,361)	(367)
Increase in other current assets	(230)	(50)	(39)
Increase in other assets	(348)	(8)	(2)
Increase (decrease) in accounts payable	(4,144)	5,193	(355)
Increase (decrease)in accrued liabilities	(518)	787	308
Net cash provided by operating activities	<u>13,772</u>	<u>9,351</u>	<u>4,350</u>
Cash flows from investing activities:			
Additions to property and equipment, net	(2,184)	(2,823)	(1,203)
Acquisition of business, net of cash acquired	(27,326)	-	-
Net cash used in investing activities	<u>(29,510)</u>	<u>(2,823)</u>	<u>(1,203)</u>
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	10,000	-	-
Principal payments under capital lease obligations	(147)	-	-
Purchase and subsequent cancellation of shares of common stock	(1,027)	(3,205)	(2,615)
Proceeds from sale of common shares under stock option plan (including tax benefits)	3,498	2,234	31
Net cash provided by (used in) financing activities	<u>12,324</u>	<u>(971)</u>	<u>(2,584)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,414)</u>	<u>5,557</u>	<u>563</u>
Cash and cash equivalents at beginning of year	<u>13,650</u>	<u>8,093</u>	<u>7,530</u>
Cash and cash equivalents at end of year	<u>\$ 10,236</u>	<u>\$ 13,650</u>	<u>\$ 8,093</u>

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$ 106	\$ 40	\$ 40
Income taxes	\$ 2,885	\$ 3,968	\$ 2,950
	<u>=====</u>	<u>=====</u>	<u>=====</u>

See accompanying notes to consolidated financial statements.

Years ended April 30, 2001, 2000 and 1999
(In thousands, except share amounts)

	Additional Common stock	paid-in capital	Retained earnings	Total Accumulated comprehen- sive income	stock- holders' equity
Balance at April 30, 1998	\$ 2,781	\$ 2,126	\$12,061	\$ -	\$ 16,968
Two-for-one common stock split	2,782	(2,126)	(656)	-	-
Issuance of 12,000 shares under stock option plans	12	19	-	-	31
Purchase and subsequent cancellation of 338,000 shares	(338)	(19)	(2,258)	-	(2,615)
Net earnings	-	-	5,635	-	5,635
Balance at April 30, 1999	5,237	-	14,782	-	20,019
Three-for-two common stock split	2,640	(263)	(2,377)	-	-
Issuance of 740,100 shares under stock option plans, including income tax benefit of \$1,280	740	1,494	-	-	2,234
Purchase and subsequent cancellation of 339,104 shares	(339)	(250)	(2,616)	-	(3,205)
Net earnings	-	-	7,846	-	7,846
Balance at April 30, 2000	8,278	981	17,635	-	26,894
Issuance of 301,216 shares under stock option plans, including income tax benefit of \$2,690	301	3,197	-	-	3,498
Purchase and subsequent cancellation of 87,400 shares	(87)	(113)	(827)	-	(1,027)
Comprehensive Income: Cumulative foreign exchange translation adjustment	-	-	-	83	83
Net earnings	-	-	8,595	-	8,595
Total comprehensive income				8,678	
Balance at April 30, 2001	\$ 8,492	\$ 4,065	\$25,403	\$ 83	\$38,043

See accompanying notes to consolidated financial statements.

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

(1) Significant Accounting Policies

Description of Business

Dataram Corporation is a provider of server, workstation and PC memory. The company offers a specialized line of gigabyte-class memory for entry to enterprise-level servers and workstations as well as desktop, notebook and flash memory.

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.

The Company's foreign subsidiaries' functional currency is the U.S. dollar as all revenues are received in U.S. dollars and a majority of expenditures are made in U.S. dollars. The Company and its foreign subsidiaries report in U.S. dollars. For subsidiaries that maintain their accounts in currencies other than the U.S. dollar, the Company uses the current method of translation whereby the statements of earnings are translated using the average exchange rate and the assets and the liabilities are translated using the year end exchange rate. Foreign currency translation gains or losses are recorded as a separate component of accumulated other comprehensive income or loss. Foreign currency non-monetary assets and liabilities are translated using historical rates of exchange. Foreign currency translation gains or losses are included in the consolidated statements of earnings.

Cash and Cash Equivalents

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

Inventory Valuation

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

Property and Equipment

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

Repair and maintenance costs are charged to operations as incurred.

Long-Lived Assets

Long-lived assets consist of property and equipment, goodwill and identifiable intangible assets.

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

Goodwill and intangible assets are being amortized using the straight-line method over 10 years and 3-10 years, respectively.

Revenue Recognition

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

Product Development and Related Engineering

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

Income Taxes

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

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash and cash equivalents in financial institutions and brokerage accounts. To the extent that such deposits exceed the maximum insurance levels, they are uninsured. The Company performs ongoing evaluations of its customers' financial condition, as well as general economic conditions and, generally, requires no collateral from its customers.

Net Earnings Per Share

Net Earnings Per Share is presented in accordance with SFAS No. 128, "Earnings Per Share". Basic net earning per share was calculated by dividing net earnings by the weighted average number of common shares outstanding during the period.

Diluted net earnings per share was calculated in a manner consistent with Basic net earnings per share except that the weighted average number of common shares outstanding also includes the dilutive effect of stock options outstanding (using the treasury stock method).

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

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Year ended April 30, 2001
Earnings Shares(000's) Per share
(numerator) (denominator) amount

Basic net earnings per share			
- net earnings and weighted average common shares outstanding	\$ 8,595	8,498	\$ 1.01
Effect of dilutive securities			
- stock options	-	1,309	
Diluted net earnings per share			
- net earnings, weighted			

average common shares outstanding and effect of stock options	\$ 8,595	9,807	\$.88
	=====	=====	=====

Year ended April 30, 2000		
Earnings	Shares(000's)	Per share
(numerator)	(denominator)	amount
-----	-----	-----

Basic net earnings per share			
- -net earnings and weighted average common shares outstanding	\$ 7,846	7,953	\$.99

Effect of dilutive securities			
- -stock options	-	1,773	
	-----	-----	-----

Diluted net earnings per share			
- -net earnings, weighted average common shares outstanding and effect of stock options	\$ 7,846	9,726	\$.81
	=====	=====	=====

Year ended April 30, 1999		
Earnings	Shares(000's)	Per share
(numerator)	(denominator)	amount
-----	-----	-----

Basic net earnings per share			
- -net earnings and weighted average common shares outstanding	\$ 5,635	8,182	\$.69

Effect of dilutive securities			
- -stock options	-	1,167	
	-----	-----	-----

Diluted net earnings per share			
- -net earnings, weighted average common shares outstanding and effect of stock options	\$ 5,635	9,349	\$.60
	=====	=====	=====

Basic and diluted net earnings per common share does not include the effect of options to purchase 153,000 shares of common stock for the year ended April 30, 2001 because the are antidilutive.

Use of Estimates

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

Fair Value of Financial Instruments

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

Stock Based Compensation

Stock based compensation is recognized using the intrinsic value

method in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), and related interpretations. For disclosures purposes, net earnings and net earnings per share data included in note 6 are provided in accordance with SFAS No. 123, "Accounting for Stock-based Compensation" ("SFAS 123"), as if the fair value method had been applied.

Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which as amended, becomes effective for our financial statements beginning May 1, 2001. SFAS No. 133 requires a company to recognize all derivative instruments as assets or liabilities in its balance sheet and measure them at fair value. The adoption of this statement will not have material impact on the consolidated financial statements.

(2) Acquisition

On March 23, 2001, the Company acquired certain assets, principally including inventory, accounts receivable and equipment of Memory Card Technology A/S ("MCT"), a corporation in suspension of payments under Danish bankruptcy law. MCT designs and manufactures memory from its facility in Denmark and has sales offices in Europe, Latin America and the Pacific Rim. The Company purchased the assets from MCT for total consideration of approximately \$32,006 of which approximately \$28,581 was paid in cash plus the assumption of certain payables and accrued expenses, certain direct transaction cost and certain MCT employee rationalization costs all of which total approximately \$3,425. The net assets acquired by the Company were recorded at their respective fair values under the purchase method of accounting. Accordingly, the excess of the purchase price over the fair value of identifiable net tangible and identifiable intangible assets acquired in the amount of \$10,167 represents goodwill, which is being amortized over a period of 10 years. The fair value of identifiable intangible assets acquired include both workforce of \$5,931

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and customer base of \$1,202 which are being amortized over 3 and 5 years, respectively. The results of operations of MCT for the period from the acquisition date, March 23, 2001 through April 30, 2001 have been included in the consolidated results of operations of the Company.

The total consideration of the acquisition has been allocated to the fair value of the assets and liabilities of MCT as follows:

Cash	\$ 1,255	
Accounts receivable and other current assets		8,141
Inventory	3,131	
Property, plant and equipment		7,437
Intangible assets	7,133	
Goodwill	10,167	
Capital lease obligations	(5,258)	

Total	\$ 32,006	

The pro forma results of operations for the Company as if the acquisition had been consummated at May 1, 1999 is as follows:

	Fiscal year ended April 30, 2000	Fiscal year ended April 30, 2001
	-----	-----
Revenue	\$ 226,073	\$ 228,557
Net Loss	(47,976)	(13,615)
Basic and diluted loss per share	\$ (5.65)	\$ (1.71)
	-----	-----

(3) Long-Term Debt

On March 31, 2001, the Company drew \$10,000 against its existing credit facility to fund a portion of the purchase price of the MCT acquisition. On April 16, 2001 the Company entered into a \$10,000 term note ("term note") and a \$15,000 revolving credit line ("credit line") with a commercial bank (together, referred to as the "credit facility"). The credit facility contains financial covenants as defined in the agreement which the Company was in compliance with at April 30, 2001. The proceeds from the term note were used to repay the existing obligation under the original credit facility. The term note is due in twenty quarterly installments of \$500 until March 31, 2006. The term note bears interest, which is payable monthly in arrears, at the LIBOR rate for 90 day maturities plus 1.9% computed on the basis of a 360 day year for the actual number of days elapsed. As of April 30, 2001, the amount available for borrowing under the credit line was \$15,000.

On May 10, 2001, the Company entered into a fixed interest rate arrangement with its commercial lender for a notional amount of \$10,000 at an interest rate of 7.16% fixed for the duration of the term note.

Long-term debt at April 30, 2001 consists of the following:

Term note	\$10,000
Less current installments	2,000

Long-term debt, excluding current installments	\$ 8,000
	=====

The maturities of long-term debt for each of the five years subsequent to April 30, 2001 are as follows: 2002-\$2,000; 2003-\$2,000; 2004-\$2,000; 2005-\$2,000; 2006-\$2,000.

(4) Income Taxes

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

(In thousands)	2001	2000	1999
Current:			
Federal	\$ 4,822	\$ 4,148	\$ 2,958
State	821	782	438
	-----	-----	-----
	5,643	4,966	3,396
Deferred:			
Federal	144	(120)	(33)
Foreign	(134)	-	-
State	23	(18)	(4)
	-----	-----	-----
	33	(138)	(37)
Total income tax expense	=====	=====	=====
	\$ 5,676	\$ 4,828	\$ 3,359

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

	2001	2000	1999
Computed "expected" tax expense	\$ 4,995	\$ 4,309	\$ 3,058
Foreign tax losses for which no benefit provided	247	-	-
State income taxes(net of Federal income tax benefit)	577	504	286

earnings at par value. Share amounts in the notes to the consolidated financial statements, weighted average shares outstanding and net earnings per share have been retroactively adjusted to reflect the stock split.

(6) Stock Option Plans

The Company has an incentive and nonstatutory stock option plan for the purpose of permitting certain key employees to acquire equity in the Company and to promote the growth and profitability of the Company by attracting and retaining key employees. In general, the plan allows granting of up to 2,850,000 shares, adjusted for stock splits, of the Company's common stock at an option price to be no less than the fair market value of the stock on the date such options are granted. The holder of the option may purchase 20% of the common stock with respect to which the option has been granted on or after the first anniversary of the date of the grant and an additional 20% of such shares on or after each of the four succeeding anniversary dates. At April 30, 2001, 691,250 of the outstanding options are exercisable.

The status of the plan for the three years ended April 30, 2001, is as follows:

Options Outstanding			
	Exercise price	Weighted average	
Shares	per share	exercise price	
Balance April 30, 1998	2,001,000	\$ 1.708-3.583	\$ 1.691
Granted	174,000	3.604	3.604
Exercised	(18,000)	1.708	1.708
Cancelled	(12,000)	1.708	1.708
Balance April 30, 1999	2,145,000	1.708-3.604	1.757
Granted	240,000	4.833-12.583	6.436
Exercised	(758,650)	1.708-3.604	2.387
Cancelled	(24,000)	3.604-4.833	4.219
Balance April 30, 2000	1,602,350	1.708-12.583	3.374
Granted	198,000	11.380-24.250	22.122
Exercised	(239,700)	1.708-6.000	2.767
Cancelled	(19,200)	2.313-3.604	2.797
Balance April 30, 2001	1,541,450	\$ 1.708-24.250	\$ 5.626

The Company also granted non-qualified options to acquire 150,000 shares of common stock to certain employees in connection with the acquisition of certain assets of MCT. These options are exercisable at a price of \$9.875 per share which represents the fair value at the date of grant and expire ten years after the date of grant. Of each option, 20% are exercisable on or after the first anniversary of the date of the grant and an additional 20% on or after each of the four succeeding anniversary dates.

The Company also grants non-qualified stock options to nonemployee directors of the Company. These options are granted for the purpose of retaining the services of directors who are not employees of the Company and to provide additional incentive for such directors to work to further the best interests of the Company and its shareholders. The options granted to these nonemployee directors are exercisable at a price representing the fair value at the date of grant, and expire five years after date of grant. Of each option, 25% is first exercisable on or after the date of the grant and an additional 25% on each of three succeeding anniversary dates. At April 30, 2001, 225,000 of the outstanding options are exercisable.

The status of the nonemployee director options for the three years ended April 30, 2001, is as follows:

Options Outstanding

	Shares	Exercise price per share	Weighted average exercise price	
Balance April 30, 1998	450,000	\$ 2.313-2.813	\$ 2.713	
Granted	-	-	-	
Exercised	-	-	-	
Cancelled	-	-	-	
Balance April 30, 1999	450,000	2.313-2.813	2.713	
Granted	-	-	-	
Exercised	(162,500)	2.313-2.813	2.605	
Cancelled	-	-	-	
Balance April 30, 2000	287,500	2.313-2.813	2.773	
Granted	-	-	-	
Exercised	(62,500)	2.313-2.813	2.813	
Cancelled	-	-	-	
Balance April 30, 2001	225,000	\$ 2.313-2.813	\$ 2.763	

The following table summarizes information about stock options outstanding at April 30, 2001:

Range of exercise price	Options outstanding		Options exercisable			
	Number out- standing at April 30, 2001	Weighted average contractual life	Number exercis- able at April 30, 2001	Weighted average exercise price	Number exercis- able at April 30, 2001	Weighted average exercise price
\$1.708-2.813	1,080,000	3.70	\$ 2.62	810,600	\$ 2.60	
3.250-3.604	289,850	6.92	3.51	89,450	3.48	
4.833-6.000	141,600	8.05	5.22	4,800	6.00	
9.875-15.500	252,000	9.57	11.00	11,400	12.58	
20.250-24.250	153,000	9.15	22.28	-	-	
\$1.708-24.250	1,916,450	5.72	\$ 5.62	916,250	\$ 2.82	

The Company applies APB Opinion 25 in accounting for its Plans and, accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price at the date of the grant over the amount an employee must pay to acquire the stock. Because the Company grants options at a price equal to the market price of the stock at the date of grant, no compensation is recorded. Had the Company determined compensation cost based on the fair value at the grant date consistent with the provisions of SFAS No. 123, the Company's net earnings would have been reduced to the pro forma amounts indicated below:

	April 30,		
	2001	2000	1999
Net earnings:			
As reported	\$ 8,595	\$ 7,846	\$ 5,635

Pro forma	7,905	7,503	5,346
Net earnings per common share			
Basic:			
As reported	1.01	.99	.69
Pro forma	.93	.94	.65
Diluted:			
As reported	.88	.81	.60
Pro forma	.81	.77	.57

The weighted average fair value of the stock options granted during the years ended 2001, 2000 and 1999 was \$14.72, \$2.80 and \$2.81, respectively, on the date of the grant using the Black Scholes option pricing model with the following assumptions: for 2001 - expected dividend yield 0.0%, risk free interest rate of 6.0%, expected volatility of 99%, and an expected life of 7.5 years; for 2000 - expected dividend yield 0.0%, risk free interest rate of 6.5%, expected volatility of 43%, and an expected life of 7.5 years; for 1999 - expected dividend yield 0.0%, risk free interest rate of 6.5%, expected volatility of 34%, and an expected life of 7.5 years.

(7) Accrued Liabilities

Accrued liabilities consist of the following:

	2001	2000
Payroll, including vacation	\$ 937	\$ 342
Commissions and bonuses	1,000	1,231
Acquisition costs	1,079	-
Royalties	39	1,034
Other	905	271
	<u>\$ 3,960</u>	<u>\$ 2,878</u>

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(8) Commitments

Leases

The Company and its subsidiaries occupy various facilities and operate various equipment under operating lease arrangements. Rent charged to operations amounted to approximately \$678 in 2001, \$689 in 2000 and \$790 in 1999.

The Company is obligated under various capital leases for certain machinery and equipment that expire at various dates during the next four years. At April 30, 2001, the gross amount of machinery and equipment and related accumulated amortization recorded under capital leases were as follows:

Machinery and equipment	\$ 5,324
Less accumulated depreciation	213
	<u>\$ 5,111</u>

Amortization of assets held under capital leases is included with depreciation expense.

Future minimum lease payments under all noncancellable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of April 30, 2001 are:

Year ending April 30:	Capital Leases	Operating Leases
2002	\$ 1,182	\$ 1,495
2003	1,182	1,326
2004	1,182	1,269
2005	2,212	1,196

2006	-	1,175
Thereafter	-	786
	-----	-----
Total minimum lease payments	\$ 5,758	\$ 7,247
	=====	

Less amount representing
interest (at 4.3%) 647

Present value of minimum
capital lease payments 5,111

Less current installments
of obligations under
capital leases 978

Obligations under capital
leases, excluding
current installments \$ 4,133

License Agreements

The Company has entered into certain licensing agreements with varying terms and conditions. The Company is obligated to pay a royalties on certain of these agreements.

Legal Proceedings

The Company is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Company's consolidated financial position, results of operations or liquidity.

(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 6 percent of the employee's eligible compensation, based on the employee's years of service. The Company's matching contributions aggregated approximately \$289, \$258 and \$181 in 2001, 2000 and 1999, respectively.

(9) Revenues by Geographic Location

The Company operates in one business segment and develops, manufactures and markets a variety of memory systems for use with servers, workstations, desktop and notebook computers which are manufactured by various companies. Revenues and total assets for 2001, 2000 and 1999 by geographic region is as follows:

(in thousands)

	United States	Europe	Other	Consolidated
April 30, 2001				
Revenues	\$ 93,557	\$ 24,273	\$ 12,747	\$ 130,577
Total assets	\$ 24,041	\$ 35,536	\$ 5,701	\$ 65,281
April 30, 2000				
Revenues	\$ 85,832	\$ 14,865	\$ 8,455	\$ 109,152
Total assets	\$ 39,693	\$ 448	\$ -	\$ 40,141
April 30, 1999				

Revenues	\$ 56,292	\$ 13,960	\$ 5,601	\$ 75,853
Total assets	\$ 27,241	\$ 133	\$ -	\$ 27,374

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Dataram Corporation:

We have audited the accompanying consolidated balance sheets of Dataram Corporation and subsidiaries as of April 30, 2001 and 2000, and the related consolidated statements of earnings, stockholders' equity and comprehensive income and cash flows for each of the years in the three-year period ended April 30, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dataram Corporation and subsidiaries of April 30, 2001 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Short Hills, New Jersey
June 6, 2001

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Selected Financial Data

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

Years Ended April 30,	2001	2000	1999	1998	1997
Revenues	\$ 103,577	\$ 109,152	\$ 75,853	\$ 77,286	\$ 68,980
Net earnings	8,595	7,846	5,635	3,722	3,769
Basic earnings					

per share	1.01	.99	.69	.42	.37
Diluted earnings					
per share	.88	.81	.60	.40	.37
Current assets	34,690	35,127	23,874	21,022	20,277
Total assets	65,281	40,151	27,374	24,464	22,537
Current liabilities	14,157	12,416	6,436	6,483	5,238
Long-term debt	10,000	-	-	-	-
Total stockholders'					
equity	38,043	26,894	20,019	16,968	16,286
Cash dividends	-	-	-	-	-

Earnings per share data has been adjusted to reflect the three-for-two stock split for shareholders of record on November 24, 1999.

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

Fiscal 2001	July 31	October 31	January 31	April 30
Revenues	\$37,996	\$39,866	\$26,829	\$25,886
Gross profit	9,135	9,111	6,991	7,752
Net earnings	2,879	3,051	2,030	635
Net earnings (diluted) per common and common equivalent share	.29	.31	.21	.07

Fiscal 2000	July 31	October 31	January 31	April 30
Revenues	\$21,164	\$29,386	\$25,728	\$32,874
Gross profit	5,750	7,445	6,271	7,809
Net earnings	1,531	2,081	1,825	2,409
Net earnings (diluted) per common and common equivalent share	.17	.22	.19	.24

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

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DIRECTORS AND CORPORATE OFFICERS

Directors

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

Richard Holzman*
Private Investor

Thomas A. Majewski*
Principal, Walden Inc.

Bernard L. Riley*
Private Investor

Roger Cady*
Principal, Arcadia Associates

*Member of audit committee

Corporate Officers

Robert V. Tarantino
President and Chief Executive Officer

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

Jeffrey H. Duncan
Vice President of Manufacturing
and Engineering

Hugh F. Tucker
Vice President, Sales

Mark R. Bresky
Vice President, Information Technology

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

Corporate Headquarters

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

Auditors

KPMG LLP
Short Hills, NJ

General Counsel

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

Transfer Agent and Registrar

First Union National Bank
Customer Information Center
1525 West W.T. Harris Boulevard
Building 3C3
Charlotte, NC 28288

Stock Listing

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

Annual Meeting

The annual meeting of shareholders
will be held on Wednesday, September 12,
2001, at 2:00 p.m. at Dataram's
corporate headquarters at:
186 Princeton Road (Route 571)
West Windsor, NJ 08550

Form 10-K

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

Address requests to:

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

Corporate Headquarters
Dataram Corporation
186 Princeton Road (Route 571)
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www.dataram.com

Dataram Contact:	Investor Contact:
Mark Maddocks	Joe Zappulla
Vice President-Finance, CFO	Wall Street Investor Relations Corp.
609-799-0071	212-973-0883 or 301-907-4090
info@datram.com	JZappulla@WallStreetIR.com

DATARAM'S FISCAL YEAR EARNINGS
REACH RECORD \$8.6 MILLION

Fiscal Year Revenue Grows 20 Percent

PRINCETON, N.J. June 6, 2001 - Dataram Corporation (NASDAQ: DRAM) today reported financial results for its fiscal fourth quarter and full year ended April 30, 2001. The Company reported revenue for the fourth quarter of \$25.9 million compared to \$32.9 million for the same period of the previous fiscal year. Net earnings excluding amortization of intangible assets, net of tax ("Cash Earnings") were \$839,000 or \$0.09 per diluted share compared to \$2.4 million or \$0.24 per diluted share for the fourth quarter of the previous fiscal year. Net earnings for the fourth quarter were \$635,000 or \$0.07 per diluted share.

<TABLE>

Fiscal periods ended April 30	Fourth Quarter			Fiscal Year		
	2001	2000	% B/(W)	2001	2000	% B/(W)
(In 000's, except per share amounts)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	\$25,886	\$32,874	(21)%	\$130,577	\$109,152	20%
Earnings from Operations	\$1,485	\$3,748	(60)%	\$13,416	\$12,183	10%
Net Earnings	\$635	\$2,409	(74)%	\$8,595	\$7,846	10%
EPS (diluted)	\$0.07	\$0.24	(71)%	\$0.88	\$0.81	9%
Cash Earnings*	\$839	\$2,409	(65)%	\$8,799	\$7,846	12%
Cash Earnings per share (diluted)	\$0.09	\$0.24	(63)%	\$0.90	\$0.81	11%
Shares Outstanding (diluted)	9,585	9,864	--	9,807	9,727	--

* Net earnings excluding amortization of intangible assets, net of tax.

</TABLE>

During its fiscal fourth quarter, Dataram completed the acquisition of certain assets of Memory Card Technology A/S. ("MCT"), a leading European designer and manufacturer of memory upgrades, headquartered in Denmark with sales offices worldwide. Consequently, the Company has entered into a new line of credit agreement with its bank. The agreement provides for a \$10 million term loan, which was used to complete the acquisition, and a \$15 million revolving line of credit, which is unused. The fourth quarter financial results include approximately six weeks of the acquired MCT operations, which generated a net loss of approximately \$971,000 or \$0.10 per diluted share.

Mark Maddocks, Dataram's vice president of finance and CFO stated, "MCT had been in suspension of payments for approximately two months prior to the acquisition. While we were reestablishing relationships with customers and vendors we continued to incur normal operating costs. This process was largely completed early in the first quarter of fiscal 2002."

For the fiscal year, Dataram reported revenue of \$131 million, a 20 percent

increase over the previous fiscal year level. Cash earnings increased 12 percent to \$8.8 million or \$0.90 per diluted share, compared to \$7.8 million or \$0.81 cents per diluted share in the previous fiscal year. Net earnings were \$8.6 million or \$0.88 cents per diluted share.

"We have accomplished the initial phase of our integration process and are on schedule to achieve a positive contribution from the Company's international operations during the current fiscal year," stated Robert Tarantino, Dataram's chairman, president and CEO. "We plan to solidify a global presence, under one brand, by capitalizing on our many years of experience and reputation in memory products and on our expanded geographic reach."

In addition to expanding its market presence to 14 countries and significantly diversifying its already broad server memory product-line with the addition of PC memory products, Dataram also introduced four new server memory products into the market during the fourth quarter. The expansion of the Company's international sales effort supports its business model of leveraging its leading-edge product design and just-in-time delivery with proactive customer support that can be best achieved through a direct regional presence.

Mr. Tarantino continued, "Over the past few months, we have developed a management team comprised of both US and international senior managers to supervise the integration of our overseas assets and coordinate the cross-training of our worldwide sales force. This team has worked diligently to establish the discipline that has provided the foundation for Dataram's success, while preparing our sales and marketing professionals to effectively represent our expanded product-line."

Dataram management expects to complete the integration of its newly acquired overseas assets by the end of this fiscal year. Mr. Tarantino commented further, "While the present environment continues to impact industry growth, we are taking the opportunity to develop our team to effectively represent Dataram's expanded product-line and geographic reach. During this process, we are committed to remaining highly cost efficient to preserve profitability as we position our Company for further growth as economic conditions improve."

Concerning the business outlook, Mr. Tarantino stated, "The continuing economic uncertainty and chip pricing environment limits our insight to revenue levels. When the volatility inherent in the economic environment dissipates, we will expand our guidance. Presently, for the first quarter ending July 31, 2001 we anticipate that Dataram will generate consolidated net earnings in the range of \$0.12 to \$0.14 per diluted share, with cash earnings in the range of \$0.16 to \$0.18 per diluted share."

Dataram will conduct a conference call at 11:00 a.m. (EDT) today to present its fiscal fourth quarter and full year financial results and to respond to investor questions. Interested shareholders may participate in the call by dialing 888-343-1842 and providing the following reservation number: 19019037. It is recommended that participants call 10 minutes before the conference call is scheduled to begin. The conference call can also be accessed over the Internet through Vcall at www.vcall.com. A replay of the call will be available approximately one hour after the completion of the conference call through Vcall and for 24 hours by dialing 800-633-8284 and entering the reservation number listed above.

ABOUT DATARAM CORPORATION

Dataram Corporation, celebrating its 34th year in the computer industry, is a leading provider of server, workstation and PC memory. The Company offers a specialized line of gigabyte-class memory for entry- to enterprise-level servers and workstations from Compaq, HP, IBM, Intel, SGI and Sun as well as PC desktop, notebook and Flash memory for Acer, Apple, IBM, Dell, Compaq, Fujitsu/Siemens, and Toshiba products. Additional information is available on the Internet at www.dataram.com.

Financial Tables Follow

<TABLE>

DATARAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share amounts)

	Three Months ended		Fiscal Year ended	
	4/30/2001	4/30/2000	4/30/2001	4/30/2000
<S>	<C>	<C>	<C>	<C>
Revenues	\$ 25,886	\$ 32,874	\$ 130,577	\$ 109,152
Costs and expenses:				
Cost of sales	18,134	25,065	97,588	81,877
Engineering and development	500	343	1,673	1,391
Selling, general and administrative	5,467	3,718	17,600	13,701
Intangible asset amortization	300	0	300	0
	<u>24,401</u>	<u>29,126</u>	<u>117,161</u>	<u>96,969</u>
Earnings from operations	1,485	3,748	13,416	12,183
Interest income (expense), net	17	143	855	491
Earnings before income taxes	1,502	3,891	14,271	12,674
Income taxes	867	1,482	5,676	4,828
Net earnings	<u>\$ 635</u>	<u>\$ 2,409</u>	<u>\$ 8,595</u>	<u>\$ 7,846</u>
Net earnings per share:				
Basic	<u>\$ 0.07</u>	<u>\$ 0.29</u>	<u>\$ 1.01</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 0.07</u>	<u>\$ 0.24</u>	<u>\$ 0.88</u>	<u>\$ 0.81</u>
Average number of shares outstanding:				
Basic	<u>8,489</u>	<u>8,218</u>	<u>8,498</u>	<u>7,953</u>
Diluted	<u>9,585</u>	<u>9,864</u>	<u>9,807</u>	<u>9,727</u>

</TABLE>

-more-

DATARAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	April 30, 2001	April 30, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,236	\$ 13,650
Trade receivables, net	17,641	16,241
Inventories	5,925	4,651
Other current assets	888	585
Total current assets	<u>34,690</u>	<u>35,127</u>
Property and equipment, net	13,226	5,007
Intangible assets	17,000	0
Other assets	365	17
	<u>\$ 65,281</u>	<u>\$ 40,151</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current portion of long-term debt	\$ 2,000	\$ 0
Current portion of capital lease obligations	978	0
Accounts payable	7,219	9,538
Accrued liabilities	3,960	2,878
Total current liabilities	<u>14,157</u>	<u>12,416</u>
Deferred income taxes	948	841
Long-term debt	8,000	0
Long-term capital lease obligations	4,133	0
Stockholders' equity	38,043	26,894
	<u>\$ 65,281</u>	<u>\$ 40,151</u>

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

Dataram Contact:

Investor Contact:

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JZappulla@WallStreetIR.com

DATARAM TO ACQUIRE ASSETS OF MEMORY CARD TECHNOLOGY

- o Acquisition Widens Access to Global Market
- o Also, Management Warns of Slower Fourth Quarter

PRINCETON, N.J. March 16, 2001 - Dataram Corporation (NASDAQ: DRAM) today reported that it has reached an agreement to purchase the assets of Memory Card Technology A/S (MCT), a leading European designer and manufacturer of memory upgrades, headquartered in Denmark. At the present time, the seller is in suspension of payments under Danish law. Under the terms of the agreement, Dataram will purchase certain assets, including MCT's subsidiaries in Europe, Australia, Latin America and the Pacific Rim, for approximately \$32 million, which will be funded through its cash and credit facilities. The acquisition significantly expands Dataram's product line and market presence throughout Europe, Latin America and the Pacific Rim. The acquisition is expected to be accretive to earnings in the next fiscal year.

Memory Card Technology, which reported revenue of approximately \$158 million in its most recent fiscal year ended June 30, 2000, designs and manufactures memory from its facilities in Denmark and Australia, and has sales offices in Argentina, Columbia, Germany, Italy, the United Kingdom, Hong Kong, Thailand, Malaysia, Singapore, New Zealand, Chile and Mexico. MCT's products include Rambus, DDR, SDRAM, DRAM, SRAM, SGRAM and EDO memory plus flash memory, video memory and cache memory. Applications for its memory include notebooks, desktops, servers, workstations, and terminals and other rapidly growing applications such as digital cameras, digital copiers, digital printers, image processors, print controllers, multi-function centers, routers and video cards.

"With the acquisition of MCT, Dataram is advancing its penetration of the European, Latin American and the Pacific Rim markets with state-of-the-art manufacturing and extensive sales presence, while broadening its product line," commented Robert Tarantino, Dataram's chairman and CEO. "The potential synergies of the two companies through cross selling, expanded worldwide sales resources, increased manufacturing capabilities, global purchasing and product diversification present exciting opportunities for Dataram."

Dataram, headquartered in Princeton, NJ, maintains a manufacturing facility in Bucks County, Pennsylvania and a sales office in the United Kingdom. With the addition of MCT, Dataram will have manufacturing capabilities in Europe and direct sales representatives in an additional thirteen countries.

In a separate development, Dataram announced that it expects operating results, from its existing business, to be below consensus expectations for its fourth quarter ending April 30, 2001. Company management cited the economic slowdown that has adversely affected the server sector and, as a result, it anticipates earnings for its fiscal fourth quarter on its existing business to be \$.10 to \$.12 per share on a fully diluted basis.

ABOUT DATARAM CORPORATION

Dataram Corporation is a leading provider of gigabyte memory upgrades for network servers. The Company specializes in the manufacture of large capacity memory for Compaq, Hewlett-Packard, IBM, Intel, Silicon Graphics and Sun Microsystems computers. Dataram, headquartered in Princeton, New Jersey, is celebrating its 34th year in the computer industry. Additional information is available on the Internet at 222.dataram.com.

The information provided in this press release may include forward-looking statements relating to future events, such as the development of new products, the commencement of production, or the future financial performance of the

Company. Actual results may differ from such projections and are subject to certain risks including, without limitation, risks arising from: changes in the price of memory chips, changes in the demand for memory systems for servers, increased competition in the memory systems industry, delays in developing and commercializing new products and other factors described in the Company's most recent Annual Report on Form 10-K, filed with the Securities and Exchange Commission, which can be reviewed at <http://www.sec.gov>

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Investor Contact:

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JZappulla@WallStreetIR.com

DATARAM COMPLETES ACQUISITION OF MEMORY CARD TECHNOLOGY ASSETS

PRINCETON, N.J. March 23, 2001 - Dataram Corporation (NASDAQ: DRAM) today announced that it has completed the purchase of Memory Card Technology A/S (MCT) assets for approximately \$30 million, including transaction costs. The acquisition was funded with cash and credit facilities.

The acquisition provides Dataram with memory design and manufacturing capabilities in Denmark and Australia, and sales offices throughout Europe, Latin America and the Pacific Rim. Dataram's product line will also be enhanced by the addition of MCT's products, which include Rambus, DDR, SDRAM, DRAM, SRAM, SGRAM and EDO memory plus flash memory, video memory and cache memory.

ABOUT DATARAM CORPORATION

Dataram Corporation is a leading provider of gigabyte memory upgrades for network servers. The Company specializes in the manufacture of large capacity memory for Compaq, Hewlett-Packard, IBM, Intel, Silicon Graphics and Sun Microsystems computers. Dataram, headquartered in Princeton, New Jersey, is celebrating its 34th year in the computer industry. Additional information is available on the Internet at www.dataram.com.

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