

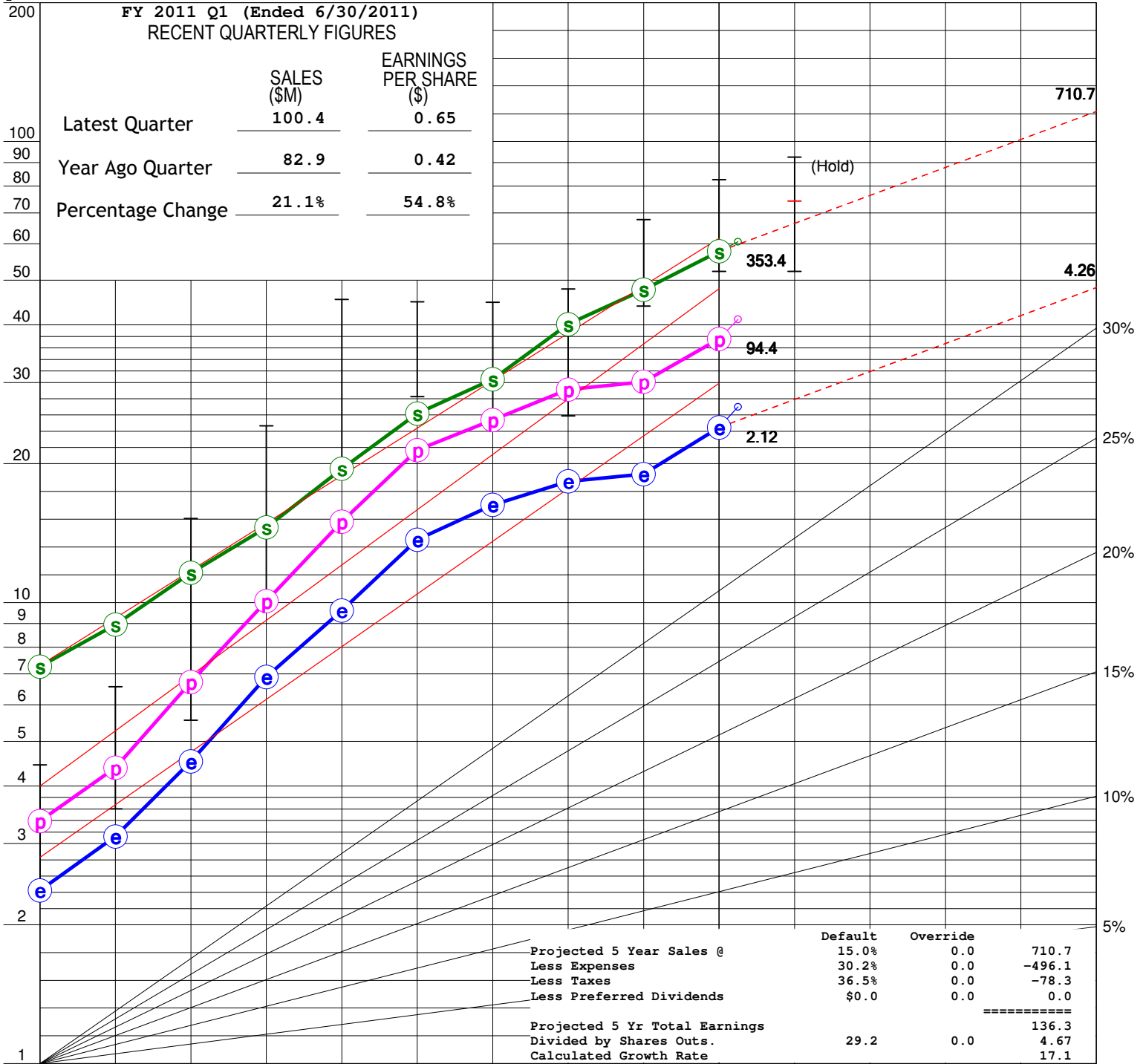


# Stock Study

Company	QUALITY SYSTEMS INC 8..	Price Date	08/10/11
Study by	S Patterso	Data Date	08/05/11
Sector	Technology	Data Source	BI
Industry Health	Information Servi	Reference	
Preferred(\$M)	0.0		
Common(M Shares)	29.2	% Insiders	33.7
Debt(\$M)	0.0	% Institutions	76.8
% Debt to Tot.Cap.	0.0	Quality	

## 1 Growth Analysis

NAS: QSII



- |                                   |        |  |        |  |
|-----------------------------------|--------|--|--------|--|
| (1) Historical Sales Growth       | 26.7 % | (3) Historical Earnings Per Share Growth       | 30.1 % | <a href="http://www.iclub.com">www.iclub.com</a> |
| (2) Estimated Future Sales Growth | 15.0 % | (4) Estimated Future Earnings Per Share Growth | 15.0 % |  |
| (5) Sales Growth R <sup>2</sup>   | 1.00   | (6) Earnings Per Share Growth R <sup>2</sup>   | 0.95   |  |

## 2 QUALITY ANALYSIS

Company **QUALITY SYSTEMS INC 8-10-201**

(QSII)

08/10/11

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	5 YEAR AVG.	TREND UP / DOWN
<b>A</b> % Pre-tax Profit on Sales	19.1	20.3	24.0	28.7	31.8	34.5	33.8	29.9	26.1	26.7	30.2	DOWN
<b>B</b> % ROE (Beginning Yr)	<del>19.1</del>	17.5	20.7	25.2	35.4	44.4	42.6	39.0	30.8	32.5	37.9	DOWN
<b>C</b> % Debt to Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	EVEN

## 3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE 75.120 52-WEEK HIGH 93.640 52-WEEK LOW 52.900

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1 2006	45.4	28.3	1.21	37.5	23.4	0.000	0.0	0.0
2 2007	45.4	26.1	1.44	31.5	18.1	1.000	69.4	3.8
3 2008	48.5	25.7	1.62	29.9	15.9	1.150	71.0	4.5
4 2009	68.5	44.5	1.68	40.8	26.5	1.200	71.4	2.7
5 2010	83.7	52.9	2.12	39.5	25.0	1.250	59.0	2.4
6 AVERAGE		35.5		35.8	21.8		67.7	
AVERAGE P/E RATIO		28.8	PROJECTED P/E RATIO		27.8	TTM EPS		2.35
CURRENT P/E RATIO		32.0	PEG RATIO		1.9	FTM EPS		2.70
RELATIVE VALUE		111.1	PROJ. RELATIVE VALUE		96.5	AVG TTM + FTM EPS		2.53

## 4 EVALUATING REWARD and RISK over the next 5 years

### A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E ~~35.8~~ 30.0 X Estimated High Earnings/Share 4.26 = Forecast High Price \$ 127.8

### B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Sel. Low P/E ~~21.8~~ 14.9 X Estimated Low Earnings/Share ~~2.12~~ 2.35 = \$ 35.0  
(as adj.)

(b) Average 5-Year Low Price = 35.5

(c) Recent Severe Low Price = 44.5

(d) Price Dividend Will Support = Present Divd. + High Yield = 1.400 + 0.045 = 31.3

Selected Estimated Low Price = \$ 31.3

### C PRICE RANGES

Forecast High Price 127.8 - Estimated Low Price 31.3 = Range 96.5 25% of Range = 24.1

BUY (Lower 25% of Range) = 31.3 to 55.4

MAYBE (Middle 50% of Range) = 55.4 to 103.7

SELL (Upper 25% of Range) = 103.7 to 127.8

Current Price 75.120 is in the Hold Range

### D REWARD/RISK ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price 127.8 - Current Price 75.120) ÷ (Current Price 75.120 - Estimated Low Price 31.3) = 1.2 To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ 1.400 ÷ Current Price of Stock \$ 75.120 = 1.9 % Present Yield or % Returned on Purchase Price

### B AVERAGE YIELD - USING FORECAST HIGH P/E

Avg. % Payout ~~67.7~~ 79.8 ÷ Forecast High P/E 30.0 = Avg. Yield 2.7

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

Avg. % Payout ~~67.7~~ 79.8 ÷ Forecast Avg P/E 22.5 = Avg. Yield 3.6

### C % COMPOUND ANNUAL TOTAL RETURN - USING FORECAST HIGH P/E

Average Yield 2.7 % + Annual Appreciation 11.2 % = Compound Annual Total Return 13.9 %

### D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

Average Yield 3.6 % + Annual Appreciation 4.9 % = Projected Average Total Return 8.5 %