

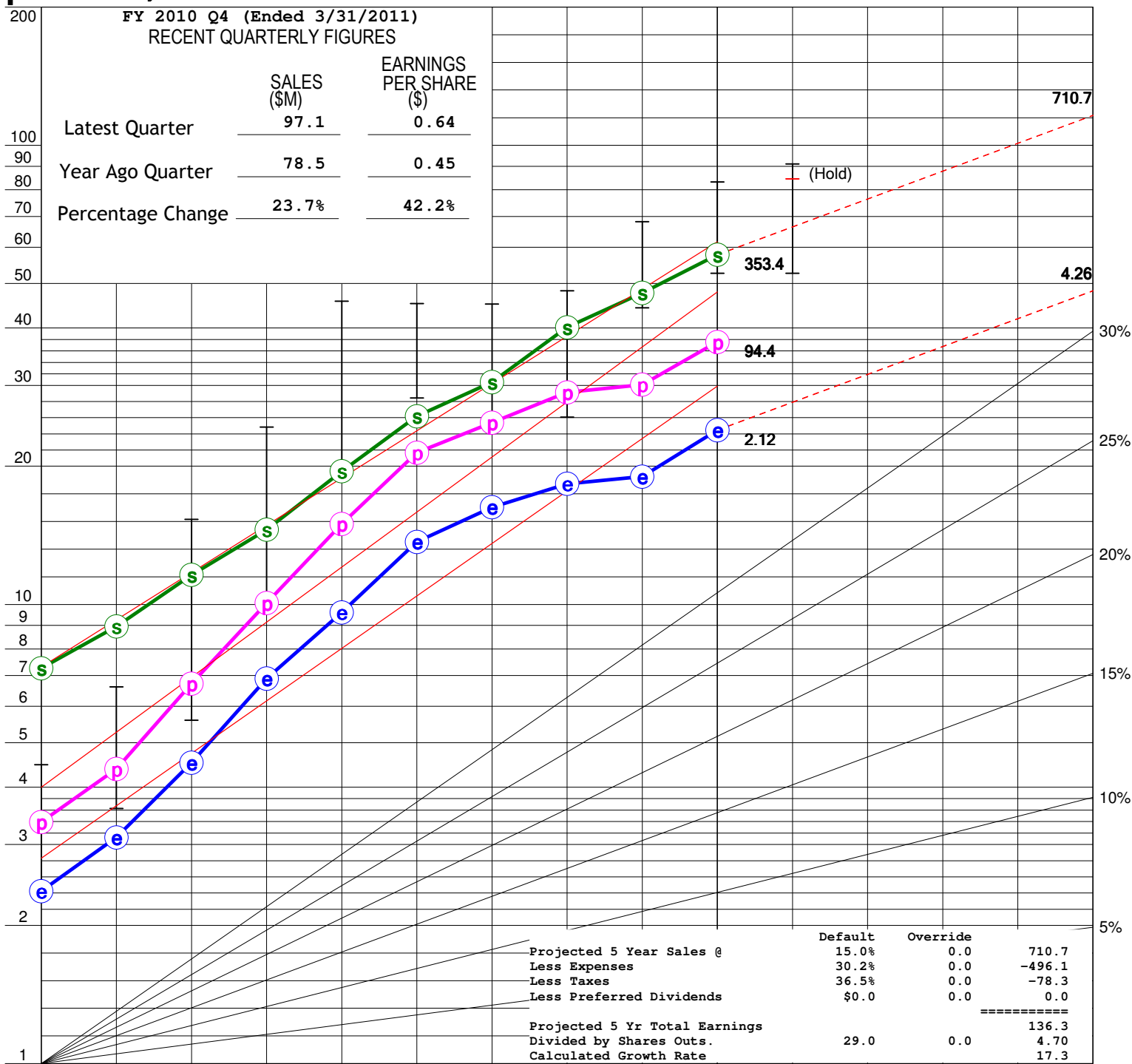


# Stock Study

Company Quality Systems		Price Date	06/08/11
Study by S Patterso		Data Date	06/08/11
Sector	Technology	Data Source	BI
Industry Health Information Servi		Reference	Morningsta
Preferred(\$M)	0.0		
Common(M Shares)	29.0	% Insiders	34.0
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 % | www.iclub.com |
| (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** (QSII)

06/08/11

	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)	NMF	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 84.930 52-WEEK HIGH 91.570 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	34.8		TTM EPS	2.12	
CURRENT P/E RATIO	40.1		PEG RATIO	2.3		FTM EPS	2.44	
RELATIVE VALUE	139.2		PROJ. RELATIVE VALUE	121.0		AVG TTM + FTM EPS	2.28	

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

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

Selected High P/E ~~35.8~~ 34.5 X Estimated High Earnings/Share 4.26 = Forecast High Price \$ 147.0

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

(a) Sel. Low P/E ~~21.8~~ 17.5 X Estimated Low Earnings/Share ~~2.12~~ 1.93 = \$ 33.8

(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 = \$ 38.0

### C PRICE RANGES

Forecast High Price 147.0 - Estimated Low Price 38.0 = Range 109.0 25% of Range = 27.3

BUY (Lower 25% of Range) = 38.0 to 65.3

MAYBE (Middle 50% of Range) = 65.3 to 119.7

SELL (Upper 25% of Range) = 119.7 to 147.0

Current Price 84.930 is in the Hold Range

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

(Forecast High Price 147.0 - Current Price 84.930) ÷ (Current Price 84.930 - Estimated Low Price 38.0) = 1.3 To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ 1.400 ÷ Current Price of Stock \$ 84.930 = 1.6 % Present Yield or % Returned on Purchase Price

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

Avg. % Payout ~~67.7~~ 70.6 ÷ Forecast High P/E 34.5 = Avg. Yield 2.0

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

Avg. % Payout ~~67.7~~ 70.6 ÷ Forecast Avg P/E 26.0 = Avg. Yield 2.7

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

Average Yield 2.0 % + Annual Appreciation 11.6 % = Compound Annual Total Return 13.6 %

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

Average Yield 2.7 % + Annual Appreciation 5.5 % = Projected Average Total Return 8.2 %

Trailing 4 quarters

# Quarterly Trend Graph

Company Quality Systems (QSII)

