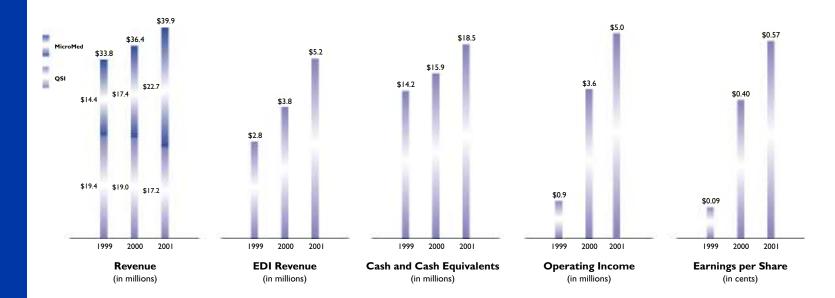


A Higher IQ For Healthcare IT.

A Higher IQ for Healthcare IT.



Letter to Shareholders

Fiscal 2001 was a year of notable accomplishment for QSI. In particular:

- The Company earned a record \$.57 a share, up 42.5% from the \$.40 a share earned in the prior year.
- The \$40 million in revenues generated by the Company during the year was also a record. Quarterly revenues exceeded \$10 million for the first time in Company history during both Q3 and Q4.
- We enjoyed four consecutive quarters of record sales of our award-winning NextGen® products as well as our EDI/Connectivity product line. Revenues for each grew 30% over the prior year.
- Many important product development initiatives came to fruition during the year, and our development queue remains
 overflowing. Particularly notable progress was made in our NextGen^{pda}, NextGen^{emr}, NextGen^{epm}, QUIC, CPS,
 DataMiner, and QSI Sequoia products/projects.

During the year the Company benefited greatly from the outstanding performance of its sales, development, operations, and administrative teams. Particular thanks are in order for the entire NextGen and EDI teams. To all of these individuals as well as our shareholders and clients, know that your commitment is never taken for granted.

Thanks to all for your support during the past year. We will continue to strive to earn your confidence in the coming year and beyond.

Sincerely,

Lou Silverman President and CEO

Company Profile

Serving the dental and medical group practice markets through the QSI and NextGen® product lines, Quality Systems, Inc. and its MicroMed Healthcare Information Systems Division are well-established developers and providers of computer-based practice management, medical records and connectivity applications. Visit www.qsii.com and www.nextgen.com for additional information.

Timeline MicroMed/NextGen Fiscal 2001 enters TEPR software competition; earns two first-place awards. March 2001 $NextGen^{pda} \\$ introduced at HIMSS. Record MicroMed/NextGen February 2001 and EDI quarterly revenues. March 2001 September 2000 Quarterly and FY December 2000 records set for Company, MicroMed/NextGen Quarterly records set for Company, and EDI revenues; Company EPS. MicroMed/NextGen and EDI revenues; Company EPS.

April 2000

NextMD.com introduced.

June 2000

Record MicroMed/NextGen and EDI quarterly revenues.

Corporate Information

OFFICERS OF THE COMPANY

Louis Silverman

President, Chief Executive Officer

Patrick Cline

President

MicroMed Healthcare Information Systems Division

Greg Flynn

Executive Vice President, General Manager

Quality Systems Division

Paul Holt

Chief Financial Officer, Secretary

DIRECTORS OF THE COMPANY

Sheldon Razin

Chairman of the Board

Ahmed Hussein

Co-Chairman of the Board

Mohammed Tawfick El-Bardai

CEO

National Telecommunications Corporation

Emad Zikry

President and CEO

ARM Capital Advisors, LLC

Dale Hanson

CEO

American Partners Capital Group

Frank Meyer

President

Glenwood Holdings

William Small

Independent Management Consultant

LEGAL COUNSEL

Rutan & Tucker LLP Costa Mesa, California

INDEPENDENT AUDITORS

Deloitte & Touche LLP Costa Mesa, California

REGISTRAR AND TRANSFER AGENT

U.S. Stock Transfer Corporation Glendale, California

INVESTOR RELATIONS CONSULTANTS

Coffin Communications Group Sherman Oaks, California 818.789.0100

FORM 10-K

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission is available through the Company's website at www.qsii.com or without charge by contacting the Company at the address below.



CORPORATE HEADQUARTERS

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