

QAD ANNUAL REPORT

QAD ANNUAL REPORT



Shaping the Future of Global Manufacturing; The Perfect Lean Market

CORPORATE INFORMATION

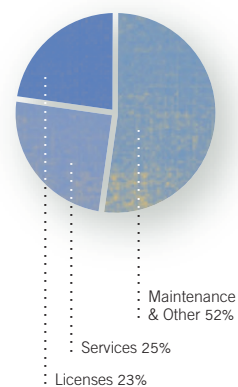
About QAD: QAD provides innovative enterprise software applications for leading global manufacturing companies. QAD applications are designed to simplify the management and enhance the efficiency of manufacturing resources and operations both within and beyond the enterprise, enabling companies throughout the world to collaborate with their customers, suppliers and partners.

FISCAL YEARS ENDED JANUARY 31,

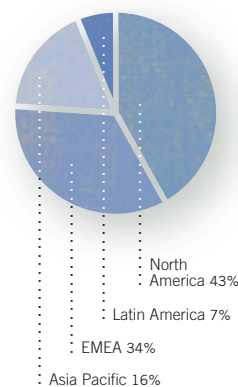
Amounts in thousands, except per share data

	2007	2006	2005
FINANCIAL HIGHLIGHTS:			
Total revenue	\$235,587	\$225,494	\$231,206
Net income	7,633	20,742	24,483
Diluted earnings per share	0.23	0.62	0.70
Cash, restricted cash and marketable securities	56,804	59,971	68,289
Total debt	17,543	17,789	25,636
Cash flow from operations	18,876	28,567	22,764

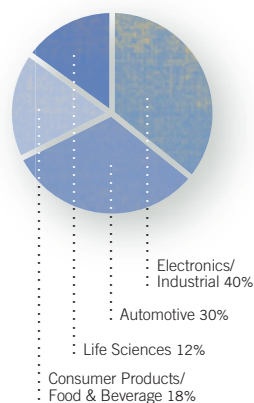
FY07 REVENUE BY CATEGORY



FY07 REVENUE BY REGION



FY07 REVENUE BY VERTICAL MARKET



EXECUTIVE OFFICERS

Pamela Meyer Lopker
Chairman of the Board and President

Karl F. Lopker
Chief Executive Officer

Daniel Lender
Executive Vice President, Chief Financial Officer

Roland B. Desilets
Executive Vice President, General Counsel and Secretary

BOARD OF DIRECTORS

Pamela Meyer Lopker
Chairman of the Board and President

Karl F. Lopker
Chief Executive Officer

Scott J. Adelson
Senior Managing Director, Houlihan, Lokey, Howard & Zukin

Peter R. van Cuylenburg
Independent adviser to high-technology companies

Thomas J. O'Malia
Director, Lloyd Greif Center for Entrepreneurial Studies at the University of Southern California Marshall School of Business

A. Barry Patmore
Consultant, former Partner, Accenture

CORPORATE HEADQUARTERS

2111 Ortega Hill Road
Summerland, California 93067
Tel: 805.566.6000

Mailing Address:
6450 Via Real
Carpinteria, California 93013

NORTH AMERICA LOCATIONS

California
Canada
Colorado
Georgia
Illinois
Michigan
New Jersey
Texas

ASIA PACIFIC LOCATIONS

Australia
China
Hong Kong
India
Japan
Korea
New Zealand
Singapore
Thailand

EUROPE, MIDDLE EAST AND AFRICA LOCATIONS

Belgium
Czech Republic
France
Germany
Ireland
Italy
Netherlands
Poland
Portugal
South Africa
Spain
Switzerland
Turkey
United Kingdom

LATIN AMERICA LOCATIONS

Brazil
Mexico

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
Los Angeles, California

LEGAL COUNSEL

Manatt, Phelps & Phillips, LLP
Los Angeles, California

INVESTOR RELATIONS

PondelWilkinson Inc.
Los Angeles, California
Tel: 310.279.5980

TRANSFER AGENT/REGISTRAR

American Stock Transfer & Trust Co.
New York, New York
Tel: 212.936.5100

STOCK INFORMATION

The company's common stock trades on the Nasdaq Global Select Market under the symbol "QADI."

ANNUAL REPORT ON FORM 10-K

A copy of the company's annual report to the Securities and Exchange Commission on Form 10-K is available without charge upon request to the company's Investor Relations department or from the company's Web site at www.qad.com.

ANNUAL MEETING

The annual meeting of shareholders will be held on June 6, 2007 at 10:00 a.m. Pacific time at QAD Inc., 2111 Ortega Hill Road, Summerland, CA 93067, Tel: 805.566.6000. A formal Notice of Meeting, Proxy Statement and Proxy will be sent to shareholders.

DIVIDEND REINVESTMENT PLAN

QAD's Dividend Reinvestment Plan offers shareholders a convenient way to purchase additional QAD Common Shares through the reinvestment of dividends. For further information concerning the Plan, contact American Stock Transfer & Trust Company by telephone at 888.888.0148 or at www.amstock.com.