

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**OMB APPROVAL**

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934  
 or Section 30(h) of the Investment Company Act of 1940

|  |  |   |
|--|--|---|
| 1. Name and Address of Reporting Person*<br><u>RAY MURRAY W</u><br><br>(Last) (First) (Middle)<br><br>(Street)<br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>QAD INC [ qadi ]</u> | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><br>Director 10% Owner<br><br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br><br><u>Executive Vice President</u> |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br><u>11/24/2004</u>  |   |
|  | 4. If Amendment, Date of Original Filed (Month/Day/Year)               | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><br>Form filed by More than One Reporting Person   |

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) |   | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) |            |          | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|----------|---|--|---|
|                                 |                                      |  | Code                           | V | Amount  | (A) or (D) | Price    |   |  |   |
| Common Stock                    | 11/24/2004                           |  | M                              |   | 7,500   | A          | \$1.7813 | 7,500   | D  |   |
| Common Stock                    | 11/24/2004                           |  | S                              |   | 7,500   | D          | \$8.5    | 0   | D  |   |

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|--|--|-----------------|---|--|--|---|--|
|  |  |                                      |  |                                |  | Date Exercisable   | Expiration Date |   |  |  |   |  |
| Non-qualified stock option (right to buy)  | \$1.78   | 11/24/2004                           |  | M                              | 7,500  | 12/01/2001   | 12/01/2008      | Common Stock  | 7,500                                      | \$1.7813   | 15,000 <sup>(1)</sup>                                     | D  |

**Explanation of Responses:**

1. Original option grant was for 30,000 shares vesting equally over a four year period beginning December 1, 2001. On June 30, 2003, Mr. Ray exercised a same-day sale of 7,500 share options, leaving 22,500 remaining options. On November 24, 2004, Mr. Ray exercised a same-day sale of 7,500 share options, leaving 15,000 remaining options of the original grant.

Betty Weinert, Attorney in  
fact for Murray W. Ray

11/29/2004

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.