

April 3, 2001

MedPlus, Inc.

OTC: MEDP- \$1.81

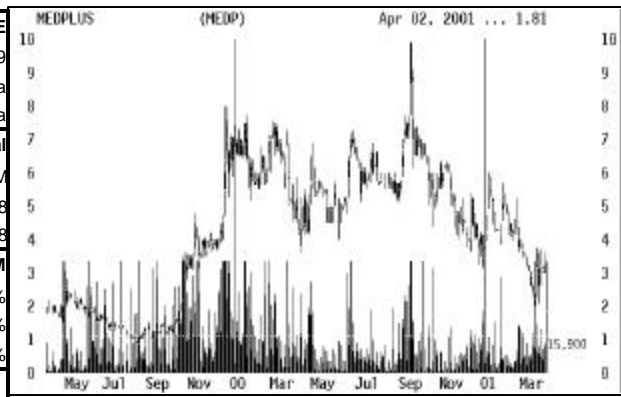
(www.medplus.com)

Richard J. Wayman, CFA
rwayman@researchstock.com

Quest Diagnostics Offers \$2.00/Share

Current Data		EPS		P/E
Fiscal Year End:	Jan	2000	\$ (0.95)	-1.9
Current Price	\$ 1.81	2001E	na	na
52-Week Range	10-1	2002E	na	na
Shares Out (Mill)	8.2	Valuation		Current
Ave Volume LTM	11,422	P/E (Next FY)	-2.05	NM-NM
Market Cap. (Mill.)	\$ 14.9	P/B	1.50	12.3-0.8
LTD/Tot Cap	-	Price/Sales	1.76	5.0-1.8
Institutional Holdings	3.1%	Operating Data		This Qtr
Insiders Holdings	69.9%	Sales Growth	-2.2%	7.7%
Book Value	\$ 1.21	EBITDA Margin	-24.8%	-0.6%
10Yr Bond	4.97%	Net Inc. Growth	0.7%	27.8%

Source: Baseline, researchstock.com



Source: Baseline

Key Investment Points

- Proposed takeout is \$2.00 per share, below Friday's close of \$3.50.
- Quest has seven days to finalize the transaction.
- Management stated that due to current market conditions, they had very limited options.
- We are withdrawing our earnings estimates and target price.

Company Description

MedPlus, Inc. ("MEDP") provides healthcare information management systems and is a leading provider of Internet-based solutions. MedPlus systems help healthcare organizations: generate additional revenues; reduce operating costs; comply with government-mandated security and confidentiality regulations; and increase physician productivity. The Company has sold over 140 imaging and electronic patient systems in the US and Canada. In June 2000, MedPlus announced a strategic joint-marketing partnership with Quest Diagnostics (DGX) and that Quest was investing a total of \$10.0 million in MEDP.

The Buyout Offer

MEDP announced Monday that Quest Diagnostic (NYSE-DGX-\$88.87) has offered to acquire the Company at \$2.00 per share, which is below the stock's close of \$3.50 on Friday. MEDP's Board of Directors gave DGX exclusive rights for a seven-day period to negotiate a definitive agreement. Management cited its inability to raise needed capital as the basis for entering into the proposed agreement.

Our Comments

We think this is an unfortunate example of how access to capital has been denied to small cap companies as the result of the Wall Street's focus on large cap stocks. Management cited the inability to find long-term financing (debt or equity) and lack of trading volume as the reasons for the proposed transaction. In prior years, regional brokerage houses like The Ohio Company and Roney & Company would have been able to arrange a \$6 to \$10 million offering, which would have provided the necessary financing. However, in today's market, investment bankers will not look at deals under \$30 million.

It makes one wonder if Wendy's or Microsoft would be in a similar situation if they were in a similar situation today.

We think this is a done deal based upon the announced pricing and the concentration of ownership. First, the discount to Friday's close underscores the need to arrange financing and lack of alternatives. If the proposed deal is not completed, the market will question MEDP's ability to remain a going concern.

Second, three parties control a very significant portion of voting control. The major shareholders consist of the CEO (an estimated 23% voting ownership), Quest (18%), and Cahill, Warnock, & Company (a privately-held investment company with an estimated 23% ownership). If there were any doubt as to the ability to complete the proposed transaction, we don't think these shareholders would have announced this type of deal.

Due to the implications of this announcement, we are withdrawing our EPS forecasts and target price.

This report contains "forward looking" statements within the meaning of U.S. federal securities laws. Forward-looking statements regarding the Company's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the subject Company's products/services in the marketplace; acceptance in the marketplace of the subject Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence upon third party vendors; and other risks discussed in the subject Company's periodic report filings, including interim reports, with the Securities and Exchange Commission. By making these forward looking statements, researchstock.com, Inc. undertakes no obligation to update these statements for revisions or changes after the date of this report.

NEITHER RESEARCHSTOCK.COM NOR ANY PROVIDERS OF INFORMATION MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR USE.

researchstock.com, Inc. is an independent research firm that publishes research reports on companies that may, or may not be clients. researchstom.com, Inc. derives most of its compensation from investment research and financial advisory services, and has been compensated for the preparation of this report. researchstock.com, Inc.'s monthly retainer fee is \$3,000.00. This information is solely for informative purposes and is not solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the securities, markets or developments referred to in the material. The information contained herein is subject to change without notice, and we assume no responsibility to update the information in this report. Any sales or earnings forecasts contained in this report were independently prepared by researchstock.com, Inc., unless otherwise stated, and are not endorsed by the Management of the company which is the subject of this report. All expressions of opinion are subject to change without notice. The information contained herein was obtained from sources, which we consider reliable, but we have not independently verified such information and thus do not guarantee that it is accurate or complete. Additional information is available upon request. researchstock.com, Inc. and/or its officers and directors, stockholders, and employees, and/or members of their families may have a long/short position in the securities mentioned in this report and may make purchases and or sales for their own account of those securities as principal or agent in the open market or otherwise. researchstock.com, Inc. or one of its affiliates may from time to time perform investment banking or other services for, or solicits investment banking or other business from, any company mentioned in this report. This report does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors should obtain individual financial advice based on their own particular circumstances before making investment decisions on the basis of this report.