NMP INC
Form S-4/A
December 16, 2003

Table of Contents

Index to Financial Statements

As filed with the Securities and Exchange Commission on December 16, 2003

Registration No. 333-108282

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 5

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

NMP, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	7370	27-0064104
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code)	(I.R.S. Employer Identification Number)

825 Battery Street

San Francisco, CA 94111

(415) 733-0500

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant s Principal Executive Offices)

Lawrence S. Kramer

Chairman and Chief Executive Officer

NMP, Inc.

825 Battery Street

San Francisco, CA 94111

(415) 733-0500

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

Copies to:

Robert S. Townsend, Esq.	**Thomas H. Kennedy, Esq.**
Lior Zorea, Esq.	**Scott R. Ehrlich, Esq.**
Jaclyn Liu, Esq.	**Seth A. Cohen, Esq.**
Morrison & Foerster LLP **425 Market Street** **San Francisco, CA 94105** **(415) 268-7000**	**Skadden, Arps, Slate, Meagher & Flom LLP** **Four Times Square** **New York, NY 10036** **(212) 735-3000**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨ __________

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨ __________

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT

WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

Table of Contents

Index to Financial Statements

MERGER AND OTHER PROPOSALS YOUR VOTE IS VERY IMPORTANT

To the Stockholders of MarketWatch.com, Inc. and Pinnacor Inc.:

On July 22, 2003, the boards of directors of MarketWatch.com, Inc. and Pinnacor Inc. unanimously approved a merger agreement for the merger of MarketWatch and Pinnacor. A new holding company, NMP, Inc., to which we refer as the combined company or Holdco in this joint proxy statement-prospectus, has been formed and, upon the completion of the proposed merger, will own the businesses of MarketWatch and Pinnacor. After the merger is completed, Holdco will be renamed MarketWatch.com, Inc. MarketWatch will be renamed MarketWatch Media, Inc. and Pinnacor will continue to be named Pinnacor Inc. If we can do so without adverse tax consequences to the former stockholders of MarketWatch and Pinnacor, shortly after consummation of the merger, we will merge each of MarketWatch Media and Pinnacor into Holdco. Holdco intends to apply to list its common stock on the Nasdaq National Market under the symbol MKTW, the same ticker symbol currently used by MarketWatch.

Upon the effectiveness of the merger, MarketWatch stockholders will receive one share of Holdco common stock for each share of MarketWatch common stock they own. Pinnacor stockholders will receive either $2.42 in cash or 0.2659 of a share of Holdco common stock for each share of Pinnacor common stock they own, which stock exchange ratio, based on the closing price of MarketWatch common stock on July 22, 2003, the last day of trading before public announcement of the proposed merger, and December 12, 2003, is valued at $2.42 and $2.24, respectively. The value of the stock exchange ratio will fluctuate based on the trading price of MarketWatch common stock and may differ from the value stated above on the date of the Pinnacor special stockholders meeting.

In addition to the actions of the board of directors of MarketWatch and Pinnacor relating to the merger, the board of directors of Holdco has unanimously adopted, contingent upon the completion of the merger, a 2004 stock incentive plan and a 2004 employee stock purchase plan. The board of directors of Holdco has initially reserved a total of 4,300,000 shares of Holdco common stock under the stock incentive plan and a total of 500,000 shares of Holdco common stock under the employee stock purchase plan.

The boards of directors of both MarketWatch and Pinnacor unanimously recommend that their respective stockholders vote FOR the adoption of the merger agreement and the transactions contemplated by the merger agreement.

The board of directors of Holdco unanimously recommends that the stockholders of MarketWatch and Pinnacor, as the future stockholders of Holdco after the completion of the merger, vote FOR approval and adoption of (A) the 2004 stock incentive plan, and (B) the 2004 employee stock purchase plan.

We urge you to read this entire document, including the section describing the risks associated with the merger, the combined company, the separate businesses of MarketWatch and Pinnacor, and Holdco common stock that begins on page 29.

We strongly support the merger of MarketWatch and Pinnacor and join with our boards of directors in enthusiastically recommending that you vote in favor of the merger.

Sincerely,	Sincerely,
Lawrence S. Kramer Chairman and Chief Executive Officer MarketWatch.com, Inc.	Kirk Loevner Chairman and Chief Executive Officer Pinnacor Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger of MarketWatch and Pinnacor or determined if this joint proxy statement-prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement-prospectus is dated , 2003, and is first being mailed to the stockholders of MarketWatch and Pinnacor on or about , 2003.

Table of Contents

Index to Financial Statements

ADDITIONAL INFORMATION

This joint proxy statement-prospectus incorporates important business and financial information about MarketWatch, Pinnacor and Holdco from other documents that are not included in or delivered with this joint proxy statement-prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this joint proxy statement-prospectus by requesting them in writing or by telephone or over the Internet from the appropriate company at one of the following addresses:

MarketWatch.com, Inc.
Anna Yen, Investor Relations
825 Battery Street
San Francisco, CA 94111
(415) 733-0500
email: *investor_relations@marketwatch.com*

Pinnacor Inc.
Rowan Hajaj, Investor Relations
601 West 26th Street, 13th Floor
New York, NY 10001
(212) 691-7900
email: *investorrelations@pinnacor.com*

If you would like to request any documents, please do so by , 2003 in order to receive them before the special meetings.

See Where You Can Find More Information that begins on page 207.

Table of Contents

Index to Financial Statements

MARKETWATCH.COM, INC.

825 Battery Street

San Francisco, CA 94111

Notice of Special Meeting of the MarketWatch.com, Inc. Stockholders

, 2004 at a.m., local time

To the Stockholders of MarketWatch.com, Inc.:

Notice is hereby given that a special meeting of stockholders of MarketWatch.com, Inc. will be held on , 2004 at a.m., local time, at 825 Battery Street, San Francisco, CA 94111 for the following purposes:

1. To consider and vote upon a proposal to adopt a merger agreement for the merger of MarketWatch and Pinnacor whereby MarketWatch and Pinnacor will become wholly owned subsidiaries of a new holding company, Holdco, and each share of MarketWatch common stock outstanding on the closing date will be exchanged for one share of Holdco common stock. The adoption of the merger agreement will also constitute approval of the MarketWatch merger and the other transactions contemplated by the merger agreement, including the issuance of shares of Holdco common stock in the Pinnacor merger.

2. To consider and vote upon a proposal to adopt a 2004 stock incentive plan for Holdco.

3. To consider and vote upon a proposal to adopt a 2004 employee stock purchase plan for Holdco.

4. To transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

These items of business are described in the attached joint proxy statement-prospectus. Holders of record of MarketWatch common stock at the close of business on November 19, 2003, the record date, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Your vote is very important, regardless of the number of shares you own. Please vote as soon as possible to make sure your shares are represented at the special meeting. To vote your shares, you may complete and return the enclosed proxy card. If you are a holder of record, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct them on how to vote your shares. If you do not vote, you abstain from voting or you do not instruct your broker or

bank on how to vote, it will have the same effect as voting against the adoption of the merger proposal but will have no effect on the vote for the adoption of the equity plan proposals.

Thank you for your support.

Sincerely,

Lawrence S. Kramer

Chairman and Chief Executive Officer

San Francisco, California

, 2003

Table of Contents

Index to Financial Statements

PINNACOR INC.

601 West 26th Street, 13th Floor

New York, NY 10001

Notice of Special Meeting of the Pinnacor Inc. Stockholders

, 2004 at a.m., local time

To the Stockholders of Pinnacor Inc.:

We will hold a special meeting of the stockholders of Pinnacor Inc. on , 2004 at a.m., local time, at 601 West 26th Street, 13th Floor, New York, NY 10001, for the following purposes:

1. To consider and vote upon a proposal to adopt a merger agreement for the merger of MarketWatch and Pinnacor whereby MarketWatch and Pinnacor will become wholly owned subsidiaries of a new holding company, Holdco, and each share of Pinnacor common stock outstanding on the closing date will be exchanged, at the election of the holder, for either $2.42 in cash or 0.2659 of a share of Holdco common stock. Subject to the proration rules described in this joint proxy statement-prospectus, you may elect to receive cash, Holdco common stock or a combination of both in exchange for your shares of Pinnacor common stock. The adoption of the merger agreement will also constitute approval of the Pinnacor merger and the other transactions contemplated by the merger agreement.

2. To consider and vote upon a proposal to adopt a 2004 stock incentive plan for Holdco.

3. To consider and vote upon a proposal to adopt a 2004 employee stock purchase plan for Holdco.

4. To transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

These items of business are described in the attached joint proxy statement-prospectus. Holders of record of Pinnacor common stock at the close of business on November 19, 2003, the record date, are entitled to vote at the special meeting and any adjournments or postponements of the special meeting.

Your vote is very important, regardless of the number of shares you own. Please vote as soon as possible to make sure your shares are represented at the special meeting. To vote your shares, you may complete and return the enclosed proxy card. If you are a holder of record, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank,

you must instruct them on how to vote your shares. If you do not vote, you abstain from voting or you do not instruct your broker or bank on how to vote, it will have the same effect as voting against the adoption of the merger proposal and will have no effect on the vote for the adoption of the equity plan proposals.

Thank you for your support.

Sincerely,

Kirk Loevner

Chairman and CEO

New York, New York

, 2003

Table of Contents

Index to Financial Statements

TABLE OF CONTENTS

i

Table of Contents

Index to Financial Statements

TABLE OF CONTENTS

(continued)

Table of Contents

Index to Financial Statements

TABLE OF CONTENTS

(continued)

Table of Contents

Index to Financial Statements

TABLE OF CONTENTS

(continued)

Table of Contents

Index to Financial Statements

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are MarketWatch and Pinnacor proposing to merge?

A: MarketWatch and Pinnacor are proposing to merge to create a combined company that is expected to be a market-leading provider of online business news and financial applications to the general public, as well as organizations in numerous industries, including banking, brokerage and media. The merger will combine MarketWatch s premium-branded news, tools and charting capabilities with Pinnacor s broad set of financial applications and extensive customization and integration capabilities. Specifically, MarketWatch and Pinnacor are proposing to merge for the following reasons, as well as others described in this joint proxy statement-prospectus:

- the combined company expects to be able to advance the long-term strategic goals of MarketWatch and Pinnacor, including licensing news and information services to financial services firms and institutional users, as well as offering new products and services to Pinnacor s current wireless and business information customers and corporate portal partners; and

- the combined company expects to be able to bring new products to market more rapidly since it will have a larger high-quality and dedicated technical staff.

Q: What will I receive in the merger?

A: If you are a MarketWatch stockholder, you will receive one share of Holdco common stock in exchange for each share of MarketWatch common stock you hold.

If you are a Pinnacor stockholder, you will receive, subject to proration, either $2.42 in cash or 0.2659 of a share of Holdco common stock in exchange for each share of Pinnacor common stock you hold. Holdco will not issue fractional shares. Rather, you will receive cash payments, without interest, in place of any fractional share of Holdco common stock you would otherwise have received.

Q: If I am a Pinnacor stockholder, what will determine if I will receive Holdco common stock, cash or a combination of both?

A: You may make election to receive either cash, Holdco common stock or a combination of cash and stock in exchange for your shares of Pinnacor common stock. However, depending on what the other Pinnacor stockholders elect to receive as consideration and the proration rules, you may not receive your preferred type of consideration. For a complete description of the proration rules, see Summary of the Joint Proxy Statement-Prospectus beginning on page 1 and The Merger Agreement The Pinnacor Merger Proration Rules beginning on page 99.

Q: What do I need to do now?

A: There are three steps you should take now:

1. Carefully read and consider the information contained in this joint proxy statement-prospectus.

2. Vote your shares on the merger and the equity plan proposals.

3. If you are a Pinnacor stockholder, you may elect the form of merger consideration you prefer to receive, subject to the proration rules described in this joint proxy statement-prospectus.

Q: How do I vote if I am a stockholder of record?

A: If you are a stockholder of record, you can vote on the merger and the equity plan proposals by either:

- giving your proxy by either mailing your properly completed proxy card or by telephone; or

- voting in person at your respective special stockholders meeting.

[Table of Contents](#)

[Index to Financial Statements](#)

If you are not going to vote in person at the respective MarketWatch or Pinnacor special meeting, you should deliver your proxy as soon as possible so that your shares of MarketWatch or Pinnacor common stock will be voted. If you are a MarketWatch stockholder of record, you may vote by proxy by (1) completing, signing, dating and returning the YELLOW proxy card in the pre-addressed envelope provided, or (2) using the telephone. If you are a Pinnacor stockholder of record, you may vote by proxy by (1) completing, signing, dating and returning the WHITE proxy card in the pre-addressed envelope provided, or (2) using the telephone. For specific instructions on how to use the telephone to vote by proxy, please refer to the instructions on your proxy card.

Q: How do I vote if I hold my shares in street name?

A: If you hold shares in street name, that is through a broker, dealer, bank or other financial institution that serves as your nominee, you can vote for the merger and the equity plans by either:

- instructing the nominee who holds your shares on how to vote by either mailing your properly completed voting instruction card provided to you by the nominee or by telephone; or

- voting in person at your respective special stockholders meeting, so long as you obtain a signed proxy from the nominee who holds your shares, giving you the right to vote those shares.

If you are not going to vote in person at the respective MarketWatch or Pinnacor special meeting, you must provide the nominee with instructions on how to vote your shares. The nominee cannot vote or make an election with respect to your shares without receiving instructions from you. Please check the voting instruction card used by your nominee on how to instruct your nominee by telephone on how to vote your shares.

Q: What if I don t vote?

A: If you do not vote, you abstain from voting or you do not instruct your broker, dealer, bank or other financial institution on how to vote if you hold your shares in street name, it will have the same effect as a vote against the adoption of the merger proposal but will have no effect on the vote for the adoption of the equity plan proposals. **Therefore, we urge you to vote.**

If you submit your proxy but do not indicate how you want to vote on the proxy card, your proxy will be counted as a vote in favor of the adoption of the merger and equity plan proposals.

Q: If I am a Pinnacor stockholder, how do I elect to receive cash, shares of Holdco common stock or a combination of cash and Holdco common stock?

A: If you have a preference for receiving cash, Holdco common stock or a combination of cash and Holdco common stock, you must complete the enclosed BLUE form of election indicating your preference, and return it to Mellon Investor Services LLC, the exchange agent. **The certificate(s) representing your Pinnacor common stock must accompany the BLUE form of election for your election to be valid.**

Your completed BLUE form of election and your Pinnacor stock certificate(s) should be delivered to Mellon Investor Services in the enclosed self-addressed envelope. If you choose to send the materials by mail, it is recommended that they be sent by registered mail, appropriately insured, with return receipt requested. The method of delivery of your completed BLUE form of election and stock certificate(s) is at your election and risk.

Your BLUE form of election along with the share certificate(s) representing your Pinnacor common stock must be returned to Mellon Investor Services no later than the election deadline, which is 5:00 p.m., Eastern Time, on the date of the Pinnacor special meeting of stockholders. Pinnacor stockholders who hold their shares in street name, that is with a broker, dealer, bank or other financial institution, and who wish to make an election will have to instruct their nominee that holds their shares to make an election on their behalf. For a more detailed description of the election procedures, see The Merger Agreement Making the Election beginning on page 105.

Table of Contents

Index to Financial Statements

Q: If I am a Pinnacor stockholder, can I change or revoke my election with respect to the merger consideration?

A: Yes. You may change your election by delivering a later dated BLUE form of election to Mellon Investor Services before the election deadline, which is 5:00 p.m., Eastern Time, on the date of the Pinnacor special meeting of stockholders. You may also revoke your election by written notice of revocation to Mellon Investor Services before the election deadline.

Q: If I am a Pinnacor stockholder, am I required to complete a form of election in order to receive my merger consideration?

A: No. If you do not make an election, you will still receive your portion of the merger consideration. However, you will receive the merger consideration in whatever form (cash, Holdco common stock or both) that remains after giving effect to the preferences of other Pinnacor stockholders that do make elections and the application of the proration rules described in this joint proxy statement-prospectus. Therefore, if you have a preference for receiving either cash, shares of Holdco common stock or a combination of both in exchange for your shares of Pinnacor common stock, and do not make an election, we cannot take your preference into consideration.

Q: Should I send in my stock certificates now?

A: **MarketWatch stockholders will not need to send in their share certificate(s) in connection with the merger.** This is because after the completion of the merger, Holdco will be renamed MarketWatch.com, Inc., the same company name on the existing MarketWatch share certificates and, in connection with the merger, MarketWatch stockholders will receive one share of Holdco common stock for each share of MarketWatch common stock held prior to the merger. After the merger is completed, your existing MarketWatch share certificate(s) represent(s) your ownership of the same number of shares of Holdco common stock as set forth on the certificate(s).

For Pinnacor stockholders, you should only send in your stock certificate(s) with your proxy if you have decided to make an election to receive cash, Holdco common stock or a combination of both. If you choose to receive cash, Holdco common stock or a combination of cash and Holdco common stock, your stock certificates must accompany the BLUE form of election. Pinnacor stockholders who hold their shares in street name, that is with a broker, dealer, bank or other financial institution that serves as their nominee, and who wish to make an election must instruct their nominee who holds their shares to make an election on their behalf. For a more detailed description of the election procedures, see The Merger Agreement Making the Election beginning on page 105.

For Pinnacor stockholders not making an election, please do not send in your stock certificates with your proxy. After the merger is completed, you will receive a transmittal form and written instructions on how to exchange your Pinnacor stock certificate(s) for cash, Holdco common stock or a combination of both.

Q: Will I receive a physical stock certificate for the shares of Holdco common stock that are delivered to me in the merger?

A: If you are a record holder of MarketWatch common stock, you will continue to hold your current MarketWatch share certificate(s) which, after the completion of the merger, will represent your ownership of the same number of shares of Holdco common stock as set forth on the certificate(s).

If you are a record holder of Pinnacor common stock, your Holdco common stock will be issued under Holdco s direct registration system. This means your Holdco common stock will be held in an account maintained by Mellon Investor Services, Holdco s transfer agent. If you want a physical stock certificate, you can make a request to Mellon Investor Services at any time.

Table of Contents

Index to Financial Statements

After the completion of the merger, whether you are a former MarketWatch or Pinnacor stockholder, if you hold your shares in street name, that is through a broker, dealer, bank or other financial institution that serves as your nominee, you will initially hold your Holdco common stock through that nominee.

Q: Will I be able to trade the Holdco common stock that I receive in connection with the merger?

A: The shares of Holdco common stock issued in connection with the merger will be freely tradable, unless you are an affiliate of Pinnacor, MarketWatch or Holdco. Generally, persons who are deemed to be affiliates of Pinnacor or MarketWatch must comply with Rule 145 under the Securities Act of 1933 if they wish to sell or otherwise transfer any shares of Holdco common stock received in connection with the merger. Persons who are deemed to be affiliates of Holdco must comply with Rule 144 under the Securities Act of 1933 if they wish to sell or otherwise transfer any shares of Holdco common stock. You will be notified if you are such an affiliate.

Q: Where will shares of Holdco common stock be listed?

A: We have applied to list Holdco common stock on the Nasdaq National Market under the proposed symbol MKTW, the same ticker symbol currently used by MarketWatch.

Q: Will I receive dividends on my Holdco common stock?

A: Holdco does not currently intend to pay dividends on its common stock.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as possible. We expect to complete the merger during the first quarter of 2004.

Q: How can I obtain admission to the Pinnacor or MarketWatch special stockholder meeting?

A: You are entitled to attend the Pinnacor special stockholder meeting only if you were a Pinnacor stockholder as of the close of business on November 19, 2003, the record date for the Pinnacor special meeting, or hold a valid proxy for the special meeting. You are entitled to attend the MarketWatch special stockholder meeting only if you were a MarketWatch stockholder as of the close of business on November 19, 2003, the record date for the MarketWatch special meeting, or hold a valid proxy for the special meeting. You should be prepared to present photo identification for admittance. In addition, if you are a record holder, your name is subject to verification against the list of record holders on the record date prior to being admitted to the special meeting. If you are not a record holder but hold shares in street name, that is with a broker, dealer, bank or other financial institution, you should be prepared to provide proof of beneficial ownership on the record date, such as your most recent account statement prior to the record date, or similar evidence of ownership. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the special meeting.

Q: Who can help answer my questions?

A: If you have any questions about the merger or equity plan proposals, how to submit your proxy, voting instructions, in the case of Pinnacor stockholders, how to submit your BLUE form of election, or if you need additional copies of this joint proxy statement-prospectus, the enclosed proxy card, or BLUE form of election for Pinnacor stockholders, you should contact:

if you are a MarketWatch stockholder:

Anna Yen, Investor Relations

MarketWatch.com, Inc.

825 Battery Street

San Francisco, CA 94111

(415) 733-0500

email: *investor_relations@marketwatch.com*

Table of Contents

Index to Financial Statements

if you are a Pinnacor stockholder:

Mellon Investor Services LLC

Attn: Reorganization Department

85 Challenger Road

Ridgefield Park, NJ 07660

Within the U.S., Canada or Puerto Rico: (877) 215-4706 (Toll Free)

Outside the U.S.: (201) 329-8660 (Collect)

[Table of Contents](#)

[Index to Financial Statements](#)

SUMMARY OF THE JOINT PROXY STATEMENT-PROSPECTUS

This summary highlights selected information in this joint proxy statement-prospectus and may not contain all of the information that is important to you. You should carefully read this entire joint proxy statement-prospectus and the other documents to which we refer for a more complete understanding of the merger and equity plan proposals. In particular, you should read the documents attached to this joint proxy statement-prospectus, including the merger agreement that is attached as Annex A.

The Companies (see pages 146 and 168)

MarketWatch.com, Inc.

825 Battery Street

San Francisco, CA 94111

(415) 733-0500

http://www.marketwatch.com

MarketWatch is a leading financial media company that provides Web-based, comprehensive, real-time business news, financial programming and analytic tools through its two award-winning Web sites, CBS.MarketWatch.com and BigCharts.com, and licenses a wide array of content and tools in custom-designed formats for brokerages and other online businesses. MarketWatch also sells subscription-based content, including the Hulbert Financial Digest, The Calandra Report, and other premium products. It produces the syndicated CBS MarketWatch Weekend television program, airs financial reports over the CBS Television Network, and provides business and financial news updates every 30 minutes on the MarketWatch Radio Network. As a leading financial media company, more than 800 stories, briefs and headlines are created each market day by over 80 MarketWatch journalists in nine news bureaus around the world. The company was formed in 1997 and has important strategic relationships with its principal stockholders, CBS Broadcasting Inc., or CBS, and Pearson International Finance Ltd., or Pearson.

MarketWatch has over 200 employees. Headquartered in San Francisco, California, MarketWatch has facilities and news bureaus around the world, including New York, Los Angeles, Minneapolis, Washington, Chicago, Boston, Dallas, London and Tokyo.

Pinnacor Inc.

601 West 26th Street, 13th Floor

New York, NY 10001

(212) 691-7900

http://www.pinnacor.com

Pinnacor is an outsourced provider of information and analytical applications to financial services companies and global corporations. Pinnacor delivers information-based applications and tools as well as customized data and news packages that help businesses cost-effectively serve their external or internal clients. Pinnacor s solutions include market data and investment analysis tools for financial services firms, critical business information for the enterprise, and personalized portal applications and messaging services for wireless carriers and ISPs.

Pinnacor s outsourced solutions provide:

- technology and services for aggregating third-party and proprietary data;
- extensive licensed databases of current and historical news, company fundamentals, market data and a broad spectrum of other information;

Table of Contents

Index to Financial Statements

- a broad set of pre-built, customizable application modules ranging from custom filtered news to portfolio tracking applications; and

- flexible technology to enable customization and integration of information and applications into customer environments.

Pinnacor was incorporated in 1993 as The Interactive Connection, Inc. Until 1997, Pinnacor s primary business focus was centered on Web design, development and consulting. In late 1998, Pinnacor s business focus evolved into the aggregation and syndication of customized information over the Internet. In January 1999, Pinnacor changed its name from The Interactive Connection, Inc. to ScreamingMedia, Inc. and in August 2000, Pinnacor issued shares of its common stock to the public in its initial public offering. In August 2001, Pinnacor acquired Stockpoint, Inc. to increase its penetration into the financial services market and enhance its suite of hosted financial services applications. In October 2002, Pinnacor changed its name from ScreamingMedia, Inc. to Pinnacor Inc. to better support its evolution as a solutions provider for financial services and enterprise businesses and to better reflect its increasingly high-quality customer base. In November 2002, Pinnacor expanded its market share in the financial services industry through the purchase of the operating assets of Inlumen, Inc.

Pinnacor has over 480 customers and over 150 employees. Pinnacor is headquartered in New York, New York, has a sales office in San Francisco, California and development offices in Coralville, Iowa and Jerusalem, Israel.

Holdco and Merger Subs

NMP, Inc., referred to in this joint proxy statement-prospectus as Holdco or the combined company, Maple Merger Sub, Inc. and Pine Merger Sub, Inc., are newly formed corporations that have not, to date, conducted any activities other than those incident to their formation, the matters contemplated by the merger agreement and the preparation of this joint proxy statement-prospectus. Pursuant to the merger agreement, Maple Merger Sub, a wholly-owned subsidiary of Holdco, will merge with and into MarketWatch, with MarketWatch as the surviving corporation, which merger is referred to in this joint proxy statement-prospectus as the MarketWatch merger. Also pursuant to the merger agreement, Pine Merger Sub, another wholly-owned subsidiary of Holdco, will merge with and into Pinnacor, with Pinnacor as the surviving corporation, which merger is referred to in this joint proxy statement-prospectus as the Pinnacor merger. The combination of MarketWatch and Pinnacor through the MarketWatch merger and the Pinnacor merger is referred to as the merger in this joint proxy statement-prospectus. Upon the completion of the merger, MarketWatch and Pinnacor will become wholly-owned subsidiaries of Holdco. The business of the combined company will be the businesses currently conducted by MarketWatch and Pinnacor. After the merger is completed, Holdco will be renamed MarketWatch.com, Inc. MarketWatch, one of Holdco s operating subsidiaries after the merger, will be renamed MarketWatch Media, Inc. and Pinnacor, the other Holdco operating subsidiary after the merger, will continue to be named Pinnacor Inc. If we can do so without adverse tax consequences to the former stockholders of MarketWatch and Pinnacor, shortly after consummation of the merger, we will merge each of MarketWatch Media and Pinnacor into Holdco. For further information, see The Structure of the Merger on page 3 below and The Merger Agreement Structure of the Merger on page 98.

Vote Required (see page 57)

The Merger Proposal

MarketWatch Stockholders. The affirmative vote of a majority of the outstanding shares of MarketWatch common stock entitled to vote on the record date is required for the adoption of the merger agreement and the transactions contemplated by the merger agreement. Pursuant to a voting and waiver agreement (as further

Table of Contents

Index to Financial Statements

described below in this summary section and in greater detail beginning on page 120) executed in connection with the merger agreement, CBS and Pearson, representing approximately 65% of the outstanding shares of MarketWatch common stock entitled to vote at the MarketWatch special meeting, have agreed to vote for the adoption of the merger agreement, the MarketWatch merger and the issuance of shares of Holdco common stock in the Pinnacor merger.

Pinnacor Stockholders. The affirmative vote of a majority of the outstanding shares of Pinnacor common stock entitled to vote on the record date is required for the adoption of the merger agreement and the transactions contemplated by the merger agreement. Pursuant to voting agreements (as further described below in this summary section and in greater detail beginning on page 119) executed in connection with the merger agreement, certain significant stockholders, executive officers and directors of Pinnacor and their affiliates, representing approximately 27% of the outstanding shares of Pinnacor common stock entitled to vote at the Pinnacor special meeting, have agreed to vote for the adoption of the merger agreement and the approval of the Pinnacor merger.

The Equity Plan Proposals

MarketWatch and Pinnacor Stockholders. The affirmative vote of a majority of the combined number of shares of the MarketWatch common stock, represented in person or by proxy, at the MarketWatch special meeting, and the number of shares of Pinnacor common stock, represented in person or by proxy, at the Pinnacor special meeting that are exchanged into shares of Holdco common stock in connection with the Pinnacor merger, on an as converted to Holdco common stock basis, is required for the adoption of Holdco s 2004 stock incentive plan and 2004 employee stock purchase plan.

Recommendation of the Boards of Directors

The Merger Proposal

MarketWatch Board of Directors. Based on careful consideration, the MarketWatch board of directors unanimously determined that the merger with Pinnacor is advisable, consistent with and in furtherance of the long-term business strategy of MarketWatch, and in the best interests of MarketWatch and its stockholders, and unanimously approved the merger agreement and the transactions contemplated by the merger agreement. The MarketWatch board of directors unanimously recommends that the MarketWatch stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement.

Pinnacor Board of Directors. Based on careful consideration, the Pinnacor board of directors unanimously determined that the Pinnacor merger is advisable, consistent with and in furtherance of the long-term business strategy of Pinnacor, and fair to, and in the best interests of, Pinnacor and its stockholders, and unanimously approved the merger agreement and the transactions contemplated by the merger agreement. The Pinnacor board of directors unanimously recommends that the Pinnacor stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement.

The Equity Plan Proposals

Holdco Board of Directors. The Holdco board of directors unanimously recommends that the stockholders of MarketWatch and Pinnacor, as the future stockholders of Holdco after the completion of the merger, vote FOR the adoption of Holdco s 2004 stock incentive plan and 2004 employee stock purchase plan.

The Structure of the Merger

To accomplish the combination of their businesses, MarketWatch and Pinnacor agreed to the formation of a new holding company, Holdco, with two wholly-owned subsidiaries, Maple Merger Sub and Pine Merger Sub.

Table of Contents

Index to Financial Statements

At the time the merger is completed, Maple Merger Sub will merge with and into MarketWatch and MarketWatch will be the surviving corporation, and Pine Merger Sub will merge with and into Pinnacor and Pinnacor will be the surviving corporation.

After the merger is completed, each of MarketWatch and Pinnacor will be a wholly-owned subsidiary of Holdco. Holdco, which is currently named NMP, Inc., will be renamed MarketWatch.com, Inc. MarketWatch, one of Holdco s operating subsidiaries after the merger, will be renamed MarketWatch Media, Inc. and Pinnacor, the other Holdco operating subsidiary after the merger, will continue to be named Pinnacor Inc. Holdco, MarketWatch Media, and Pinnacor will be separate companies after the merger is completed; however, if the combination of each of MarketWatch Media and Pinnacor into Holdco would not, when considered with the Pinnacor merger and the MarketWatch merger, result in recognition of income by the Pinnacor stockholders (except to the extent of cash received in the Pinnacor merger), the MarketWatch stockholders, Pinnacor, MarketWatch, or Holdco, shortly after consummation of the merger, we will merge each of MarketWatch Media and Pinnacor into Holdco.

Table of Contents

Index to Financial Statements

The organization and ownership percentages of the companies before and after the merger is illustrated below:

5

Table of Contents

Index to Financial Statements

The Summary of the Material Terms of the Merger (see page 98)

Closing and Effective Time of the Merger. The merger agreement provides that the closing will take place as soon as practicable after the satisfaction or waiver of the conditions to the merger contained in the merger agreement, unless some other time or date is agreed upon by MarketWatch and Pinnacor. The effective time of the merger will be the time when the certificate of merger for each of the MarketWatch merger and the Pinnacor merger is filed in accordance with the relevant provisions of Delaware law.

Pinnacor Merger Consideration. In the Pinnacor merger, a holder of Pinnacor common stock may elect to receive, for each share of Pinnacor common stock, either $2.42 in cash or 0.2659 of a share of Holdco common stock, also referred to as the exchange ratio. If a Pinnacor stockholder holds more than one share of Pinnacor common stock, that stockholder can elect to receive cash, stock, or a combination of cash and stock for their shares of Pinnacor common stock, but may ultimately receive a different mix of consideration than that elected based on the proration rules described below. Under the terms of the merger agreement, the aggregate cash consideration that Pinnacor stockholders will receive in the Pinnacor merger is $44.0 million, and accordingly, at the closing, an aggregate of approximately 18,181,818 shares of Pinnacor common stock will be exchanged for cash, with the remaining outstanding shares of Pinnacor common stock being exchanged for Holdco common stock at the exchange ratio. Assuming that 40,911,519 shares of Pinnacor common stock are outstanding as of the closing of the merger, approximately 22,729,701 shares of Pinnacor common stock will be exchanged for Holdco common stock, at the exchange ratio of 0.2659. Pinnacor stockholders will receive cash in lieu of a fractional share of Holdco common stock. Elsewhere in this joint proxy statement-prospectus we refer to these share numbers on an approximate basis. Also, see page 28 for a table showing the high and low sales prices of each of MarketWatch and Pinnacor common stock as reported by the Nasdaq National Market for certain periods indicated in the table. The closing sales price of each of MarketWatch and Pinnacor common stock as reported by the Nasdaq National Market on July 22, 2003, the last trading date before the merger was announced, was $9.10 and $2.22, respectively.

Proration Rules. Since Pinnacor stockholders may, in the aggregate, elect to receive more cash than the $44.0 million that will be distributed in the Pinnacor merger, or alternatively, Pinnacor stockholders may, in the aggregate, elect to receive more stock than the number of shares of Holdco common stock available for distribution in the Pinnacor merger, the aggregate consideration will be apportioned between the Pinnacor stockholders based on the proration rules described below. Therefore, you may not receive the mix of consideration that you elect with respect to all of your shares of Pinnacor common stock. For a more detailed description of these proration rules, including examples of how the proration rules would work under various scenarios, see The Merger Agreement The Pinnacor Merger Proration Rules beginning on page 99.

Making the Election. Each Pinnacor stockholder can make an election to receive cash, Holdco common stock or a combination of both by delivering to Mellon Investor Services, the exchange agent, a completed BLUE form of election (which BLUE form of election is included with this joint proxy statement-prospectus) together with the certificate(s) representing their shares of Pinnacor common stock and any other required documentation specified in the BLUE form of election. The BLUE form of election, stock certificate(s) and other documentation must be received by the exchange agent no later than 5:00 p.m., Eastern Time, on the date of the Pinnacor special meeting of stockholders.

Pinnacor stockholders who hold their shares in street name, that is, with a broker, dealer, bank or other financial institution that serves as their nominee, and who wish to make an election will have to instruct their nominee who holds their shares to make an election on their behalf before the election deadline of 5:00 p.m., Eastern Time, on the date of the Pinnacor special meeting of stockholders. For a more detailed description of the election procedures, see Questions and Answers about the Merger and The Merger Agreement Making the Election beginning on page 105.

Table of Contents

Index to Financial Statements

MarketWatch Merger Consideration. In the MarketWatch merger, each share of MarketWatch common stock will be exchanged for one share of Holdco common stock.

Treatment of Stock Options, Warrants, Stock Purchase Rights and Restricted Stock.

MarketWatch Stock Options and Stock Purchase Rights. When the MarketWatch merger is completed, each outstanding MarketWatch stock option will be converted into an option to purchase the same number of shares of Holdco common stock at an exercise price per share equal to the exercise price per share of MarketWatch common stock subject to the option before the conversion. The assumption of MarketWatch options by Holdco will not affect the vesting schedule or the other terms of such options, which will continue to be covered by the terms of MarketWatch s 1998 stock incentive plan and the individual option agreement. In addition, each outstanding stock purchase right under the MarketWatch 2000 employee stock purchase plan will be converted into a right to purchase the same number of shares of Holdco common stock at a purchase price per share equal to the purchase price per share of MarketWatch common stock at which such stock purchase right was exercisable before the conversion.

Pinnacor Stock Options and Warrants. Upon the completion of the merger, each outstanding Pinnacor stock option will become fully vested and each outstanding Pinnacor stock option and warrant will be converted into a stock option or warrant, as applicable, to purchase the number of shares of Holdco common stock that is equal to the number of shares of Pinnacor common stock that could have been purchased before the merger upon the exercise of such option or warrant, multiplied by 0.2659 and rounded down to the nearest whole share. The exercise price per share of Holdco common stock for the converted option or warrant will be equal to the exercise price per share of Pinnacor common stock subject to the option or warrant before the conversion divided by 0.2659 and rounded up to the nearest whole cent. After the conversion, such stock options and warrants shall nonetheless remain governed by the terms of the plans and agreements under which the options and warrants were granted.

Pinnacor Restricted Stock. Each share of Pinnacor restricted common stock will be exchanged for either 0.2659 of a share of Holdco restricted common stock or $2.42 in cash, subject to proration. Any shares of Holdco restricted common stock issued pursuant to the exchange will be subject to the same restrictions applicable to the shares of Pinnacor restricted common stock prior to the conversion. Any cash issued pursuant to the conversion will be held in an escrow account for the benefit of such holder until such time as the shares of Pinnacor restricted common stock would have vested. Notwithstanding the foregoing, each share of Pinnacor restricted common stock held by Kirk Loevner and David Obstler will become fully vested upon the completion of the merger. For a more complete discussion of the interests of Pinnacor s directors and executive officers in the merger, see Interests of Certain Pinnacor Directors and Executive Officers in the Merger on page 88.

Pinnacor Employee Stock Purchase Plan. The current offering period under the Pinnacor employee stock purchase plan will terminate immediately prior to the closing of the Pinnacor merger. At that time, each outstanding purchase right under the plan will be automatically exercised and all accumulated payroll deductions will be applied toward the purchase of shares of Pinnacor common stock. Each such share of Pinnacor common stock purchased upon the exercise of such purchase right will be treated as any other outstanding share of Pinnacor common stock, and the purchaser will be entitled to elect to receive, subject to proration, cash, Holdco common stock or a combination of both as the merger consideration in connection with the Pinnacor merger.

No Solicitation Provisions. Until the merger is completed or the merger agreement is terminated, the merger agreement contains detailed provisions prohibiting Pinnacor from seeking an alternative transaction and requiring Pinnacor to notify MarketWatch of any inquiries, requests or proposals relating to or for any such alternative transactions. The merger agreement does not, however, prohibit Pinnacor from considering and potentially recommending a bona fide written superior proposal from a third party. For further information see The Merger Agreement No

Other Negotiations Involving Pinnacor   beginning on page 110.

Table of Contents

Index to Financial Statements

Conditions to the Completion of the Merger. The merger agreement contains detailed provisions regarding the obligations of MarketWatch and Pinnacor to complete the merger. These obligations are subject to the satisfaction or waiver (where permissible) of a number of conditions, including the following mutual conditions:

- continuing effectiveness of the Form S-4 registration statement of which this joint proxy statement-prospectus is a part;
- the absence of legal restraints to the consummation of the merger, including the receipt of all regulatory clearances, as necessary;
- delivery of the tax opinions described in Material United States Federal Income Tax Consequences of the Merger beginning on page 90;
- the necessary approval by the MarketWatch and Pinnacor stockholders must have been obtained; and
- the Holdco common stock to be issued in the merger must have been authorized for quotation on the Nasdaq National Market.

Of the five conditions described above only the second and third conditions may be waived. Neither MarketWatch nor Pinnacor anticipates that either of these conditions will be waived. After the adoption of the merger agreement by the MarketWatch or Pinnacor stockholders, if a waiver of these conditions requires stockholder approval by law, then MarketWatch or Pinnacor, as the case may be, will seek stockholder approval of such a waiver.

The obligation of MarketWatch to complete the MarketWatch merger and the issuance of shares of Holdco common stock in the Pinnacor merger are subject to the fulfillment at or prior to the effective time of the merger of the following additional conditions, any one or more of which may be waived by MarketWatch:

- the representations and warranties of Pinnacor must be true and correct at the effective time of the merger;
- Pinnacor must have performed and complied with all of its covenants and agreements in all material respects on or before the closing of the merger;
- Pinnacor shall have notified the holders of the warrants issued in connection with Pinnacor s acquisition of Stockpoint, Inc. that the warrants will expire on a certain date, such date to be before the closing of the merger, so that as of the closing such warrants will not be outstanding and therefore will not be assumed by Holdco; and
- there shall have been no material adverse effect on the business of Pinnacor.

The obligation of Pinnacor to complete the Pinnacor merger is subject to the fulfillment at or prior to the effective time of the merger of the following additional conditions, any one or more of which may be waived by Pinnacor:

the representations and warranties of MarketWatch must be true and correct at the effective time of the merger;

MarketWatch must have performed and complied with all of its covenants and agreements in all material respects on or before the closing of the merger; and

there shall have been no material adverse effect on the business of MarketWatch.

For further details, see The Merger Agreement Conditions to the Completion of the Merger beginning on page 115.

Table of Contents

Index to Financial Statements

Termination of the Merger Agreement. The merger agreement contains detailed provisions regarding the ability of MarketWatch and Pinnacor to terminate the merger agreement at any time prior to the completion of the merger. Such provisions include the right of either MarketWatch or Pinnacor to terminate the merger agreement:

- by mutual written consent of MarketWatch and Pinnacor;
- if the merger has not been completed on or before March 31, 2004;
- if there is a court or other governmental authority order, decree or ruling that is final and nonappealable preventing the consummation of the merger;
- if the merger agreement has failed to receive the requisite vote for adoption at the special meeting of the Pinnacor stockholders; or
- if the merger agreement and approval of the issuance of shares of Holdco common stock to the Pinnacor stockholders have failed to receive the requisite vote at the special meeting of MarketWatch stockholders.

Furthermore, MarketWatch may terminate the merger agreement if:

- Pinnacor or the Pinnacor board of directors takes or fails to take certain required actions; or
- Pinnacor materially breaches certain of its representations, warranties or covenants in the merger agreement.

Furthermore, Pinnacor may terminate the merger agreement if:

- the Pinnacor board of directors has authorized Pinnacor to enter into a binding written agreement that constitutes a superior proposal; or
- MarketWatch materially breaches certain of its representations, warranties or covenants in the merger agreement.

For further details, see The Merger Agreement Termination of the Merger Agreement beginning on page 116.

Termination Fee and Expenses (see pages 117 and 118)

If the merger agreement is terminated under specified circumstances, Pinnacor may be required to pay a termination fee of $3.0 million, which represents approximately 3% of the pro-forma total purchase price of Pinnacor of $106.0 million, and/or expense fees of up to $1.5 million, to MarketWatch. If the merger agreement is terminated under other specified circumstances, MarketWatch may be required to pay expense fees of up to $1.5 million to Pinnacor. For further details, see The Merger Agreement Expenses beginning on page 117 and The Merger Agreement Termination Fee beginning on page 118.

Tax Consequences of the Merger (see page 90)

Neither MarketWatch nor Pinnacor will be required to complete the merger unless they each receive a legal opinion to the effect that the MarketWatch merger and the Pinnacor merger will qualify as nontaxable transactions for United States federal income tax purposes, except with respect to the receipt of cash in the Pinnacor merger. Assuming they so qualify, no gain or loss will be recognized by MarketWatch, Pinnacor or the MarketWatch stockholders solely as a result of the merger. The tax consequences to a Pinnacor stockholder in such case depend upon the consideration received by the stockholder:

Holders of Pinnacor common stock who receive solely shares of Holdco common stock pursuant to the Pinnacor merger generally will not recognize gain or loss. However, a Pinnacor stockholder will generally recognize gain or loss, if any, in connection with any cash the holder receives in lieu of a fractional share of Holdco common stock.

Holders of Pinnacor common stock who receive solely cash for their Pinnacor common stock will generally recognize gain or loss equal to the difference between the amount of cash received for their Pinnacor common stock and their tax basis in their shares of Pinnacor common stock.

Holders receiving a combination of Holdco common stock and cash for their Pinnacor common stock generally will not recognize any loss they may realize (other than with respect to cash received in lieu of a fractional share of Holdco common stock). Such holders will generally recognize gain equal to the lesser of (1) the amount of cash received and (2) the excess of the amount realized in the transaction (*i.e.*, the fair market value of the Holdco common stock at the effective time of the Pinnacor merger plus the amount of cash received) over their tax basis in their Pinnacor common stock.

All or a portion of any gain recognized by a Pinnacor stockholder may be treated as ordinary income rather than capital gain.

Tax matters relating to the merger are very complicated and the tax consequences of the merger to you will depend on the facts of your own situation. You are urged to consult your own tax advisors for a full understanding of the tax consequences of the merger to you.

Opinion of MarketWatch s Financial Advisor (see page 74)

In deciding to approve the adoption of the merger agreement, the MarketWatch board of directors received and considered the written opinion of its financial advisor, UBS Securities, LLC, referred to in this joint proxy statement-prospectus as UBS, that, as of the date of its opinion, and based on and subject to various assumptions, matters considered and limitations described in its opinion, the consideration to be paid to holders of Pinnacor common stock was fair, from a financial point of view, to MarketWatch. The full text of UBS s written opinion is attached as Annex B to this joint proxy statement-prospectus. MarketWatch urges its stockholders to read the opinion of UBS in its entirety.

Opinion of Pinnacor s Financial Advisor (see page 80)

In connection with the transaction, the Pinnacor board of directors received a written opinion from Citigroup Global Markets Inc., referred to in this joint proxy statement-prospectus as Citigroup, as to the fairness, from a financial point of view, of the Pinnacor merger consideration. The full text of Citigroup s written opinion dated July 22, 2003 is attached to this joint proxy statement-prospectus as Annex C. We encourage you to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. **Citigroup s opinion was provided to the Pinnacor board of directors in connection with its evaluation of the Pinnacor merger consideration, does not address any other aspect of the transaction or any related transaction and does not constitute a recommendation to any stockholder as to the form of the Pinnacor merger consideration to be elected or how such stockholder should vote or act on any matters relating to the proposed transaction.**

Overview of the Comparison of Rights of Holders of MarketWatch Common Stock, Pinnacor Common Stock and Holdco Common Stock (see page 122)

Holdco s authorized capital stock will consist of 50,000,000 shares of common stock and 5,000,000 shares of preferred stock. MarketWatch s current authorized capital stock consists of 30,000,000 shares of common stock and 5,000,000 shares of preferred stock. Pinnacor s current authorized capital stock consists of 100,000,000 shares of common stock and 20,000,000 shares of preferred stock. There will be no material differences between

Table of Contents

Index to Financial Statements

the rights of holders of MarketWatch common stock and Holdco common stock. The material differences between the rights of holders of Pinnacor common stock and Holdco common stock are summarized below:

Pinnacor s certificate of incorporation requires the affirmative vote of at least 80% of its stockholders to take certain actions, including the approval of business combinations with interested stockholders, the amendment of certain provisions of Pinnacor s certificate of incorporation and the adoption, amendment, alteration or repeal of its bylaws. Except as otherwise required by law, Holdco s certificate of incorporation will only require the affirmative vote of a majority of the shares of capital stock for all actions that may be taken by stockholders.

Pinnacor currently has a classified board of directors but Holdco will not.

Holdco s directors may be removed, with or without cause, by the affirmative vote of a majority of the shares entitled to vote in the election of directors. Pinnacor s stockholders may only remove directors for cause.

Holdco s stockholders will have the ability to take action by written consent. Pinnacor s stockholders are explicitly denied such a right.

Share Ownership of Directors and Executive Officers

MarketWatch. At the close of business on the record date for the MarketWatch special meeting, directors and executive officers of MarketWatch and their affiliates beneficially owned and were entitled to vote 0.6% percent of the 17,474,460 shares of MarketWatch common stock outstanding on that date.

Pinnacor. At the close of business on the record date for the Pinnacor special meeting, directors and executive officers of Pinnacor and their affiliates beneficially owned and were entitled to vote 27.5% percent of the 40,911,519 shares of Pinnacor common stock outstanding on that date.

Appraisal Rights (see page 95)

Under Delaware law, MarketWatch stockholders are not entitled to appraisal rights in connection with the MarketWatch merger, but Pinnacor stockholders are entitled to appraisal rights in connection with the Pinnacor merger, subject to conditions discussed more fully elsewhere in this joint proxy statement-prospectus. Appraisal rights entitle dissenting Pinnacor stockholders, if such rights are perfected, to receive payment in cash for the fair value of their shares of Pinnacor common stock. The fair value of the Pinnacor common stock may be more or less than the merger consideration to be paid to non-dissenting Pinnacor stockholders in the Pinnacor merger. To preserve your appraisal rights, if you wish to exercise them, you must not vote in favor of the adoption of the merger agreement and the Pinnacor merger and you must follow specific procedures. Failure to follow the steps required by law for perfecting appraisal rights may lead to the loss of those rights, in which case the dissenting stockholder will be treated in the same manner as a non-dissenting stockholder. See Annex D for a reproduction of Section 262 of the Delaware General Corporation Law, which relates to the appraisal rights of dissenting stockholders. Because of the complexity of law relating to appraisal rights, Pinnacor stockholders who are considering objecting to the Pinnacor merger are encouraged to read these provisions carefully and should consult their own legal advisors.

Risks Associated with the Merger, the Holdco Common Stock, MarketWatch and Pinnacor **(see page 29)**

The merger (including the possibility that the merger may not be completed) poses a number of risks to each of MarketWatch and Pinnacor and their respective stockholders. In addition, the combined company, MarketWatch and Pinnacor are subject to various risks associated with their businesses and industry. You are encouraged to read and consider all of these risks carefully.

Table of Contents

Index to Financial Statements

Interests of Directors and Executive Officers in the Merger (see pages 11, 87 and 88)

Some of the directors and executive officers of MarketWatch and Pinnacor have interests in the merger that are different from, or are in addition to, the interests of their company s stockholders. With respect to MarketWatch directors and executive officers, these interests include the continuation of their directorships and management positions with the combined company. Although the compensation structure for executive officers and directors of the combined company has not been determined, MarketWatch executive officers and directors who will continue as executive officers and directors of the combined company will receive compensation substantially comparable to that which they currently receive from MarketWatch. See page 133 for more information about the current compensation structure for executive officers of MarketWatch and page 130 for the current compensation structure for directors of MarketWatch.

With respect to Pinnacor directors and executive officers, these interests include (i) a bonus payment of $300,000 to Kirk Loevner upon the termination or constructive termination of his employment after the consummation of the merger, (ii) a bonus payment to David Obstler of $150,000 after the consummation of the merger and an additional $150,000 upon the termination or constructive termination of his employment after the consummation of the merger, (iii) the possible continuation of their directorships for certain of Pinnacor s directors with the combined company, (iv) accelerated vesting of options to purchase 2,638,071 shares of Pinnacor common stock held in the aggregate by Pinnacor directors and executive officers, (v) lapse of restrictions with respect to 100,000 and 50,000 shares of Pinnacor restricted common stock held by Mr. Loevner and Mr. Obstler, respectively, and (vi) the right to continued indemnification and insurance coverage by the combined company for acts or omissions in their capacities as directors and officers of Pinnacor occurring prior to the Pinnacor merger and asserted within five years after the completion of the Pinnacor merger. In addition, Pinnacor currently maintains employment agreements that provide for the payment of severance upon a termination of employment by Pinnacor (or the combined company after the merger) without cause or by the executive officer for good reason in amounts equal to (assuming the termination of each of their employment is effective as of December 1, 2003) $490,000 for Mr. Loevner, $402,344 for Mr. Obstler and $107,500 for William Staib. However, the consummation of the merger will not by itself constitute a good reason. In the event that such severance payments are subject to the excise tax imposed on parachute payments under Section 4999 of the Internal Revenue Code, the executive officers are entitled to receive a gross-up payment for any amounts payable by such executive officers, including any excise tax payable in respect of such gross-up payment.

Overview of Holdco s 2004 Stock Incentive Plan (see page 195)

If approved by the stockholders of MarketWatch and Pinnacor, a total of 4,300,000 shares of Holdco common stock will be initially reserved for issuance under the stock incentive plan. In addition, the maximum aggregate number of shares which may be issued pursuant to all awards will be increased by any shares (up to a maximum of 2,700,000 shares) that are represented by awards under MarketWatch s 1998 equity incentive plan, which will be assumed by Holdco in connection with the merger, that are forfeited, expire or cancelled without delivery of the shares or which result in forfeiture of the shares back to Holdco on or after the closing date of the merger. The stock incentive plan provides for the grant of stock options, restricted stock, stock appreciation rights, dividend equivalent rights, performance units and performance shares. Stock options granted under the stock incentive plan may be either incentive stock options or non-qualified stock options. Employees, directors and consultants of Holdco and any parent or subsidiary of Holdco, including MarketWatch and Pinnacor after the completion of the merger, are eligible to participate in the stock incentive plan. The stock incentive plan will terminate ten years from the date of its approval by the stockholders of MarketWatch and Pinnacor, unless terminated earlier by the Holdco board of directors.

Table of Contents

Index to Financial Statements

Overview of Holdco s 2004 Employee Stock Purchase Plan (see page 201)

If approved by the stockholders of MarketWatch and Pinnacor, as the future stockholders of Holdco after the completion of the merger, a total of 500,000 shares of Holdco common stock will be initially reserved for issuance under the purchase plan. The number of shares reserved for issuance under the purchase plan will increase annually beginning on the first business day of the 2005 calendar year by an amount equal to the lesser of (i) 200,000 shares, (ii) the number of shares purchased under the purchase plan in the preceding calendar year, or (iii) a lesser number of shares determined by the Holdco board of directors. The purchase plan will provide the employees of Holdco and its designated parents or subsidiaries, including MarketWatch and Pinnacor after the completion of the merger, with an opportunity to purchase Holdco common stock through payroll deductions. Employees (including officers and directors) of Holdco and any designated parent or subsidiary of Holdco are eligible to participate in the purchase plan. Members of the Holdco board of directors who are not employees are not eligible to participate. The purchase plan will terminate ten years from the date of its approval by the stockholders of MarketWatch and Pinnacor, unless terminated earlier by the Holdco board of directors.

Board of Directors and Management Following the Merger (see page 128)

We have agreed that, after the completion of the merger, Holdco will have eleven directors comprised of (i) the current nine directors of MarketWatch, consisting of two directors nominated by CBS (Andrew Heyward and Peter Glusker), two directors nominated by Pearson (Phil Hoffman and Zachary Leonard), Christie Hefner, Bob Lessin, Douglas W. McCormick, Jeffrey Rapport and Lawrence S. Kramer, who is currently the Chairman and Chief Executive Officer of MarketWatch as well as the Chairman of the board of directors of Holdco, and (ii) two directors to be nominated by Pinnacor. In addition, we have agreed that after the completion of the merger the executive officers of Holdco will consist of MarketWatch s current executive officers.

Overview of Voting Agreements with Pinnacor Stockholders (see page 119)

MarketWatch entered into voting agreements with certain significant stockholders, executive officers and directors of Pinnacor and their affiliates pursuant to which they agreed to vote all their shares of Pinnacor common stock in favor of approval of the merger agreement, the Pinnacor merger, the transactions contemplated by the Pinnacor merger and any matter that could reasonably be expected to facilitate the Pinnacor merger. As of the record date for the Pinnacor special meeting, the signatories to the voting agreements in the aggregate owned shares representing approximately 27% of the Pinnacor common stock entitled to vote at the Pinnacor special meeting.

Overview of Voting and Waiver Agreement with CBS and Pearson (see page 120)

Pinnacor entered into a voting and waiver agreement with CBS and Pearson pursuant to which CBS and Pearson agreed to vote all of their shares of MarketWatch common stock in favor of approval of the merger agreement, the MarketWatch merger and the issuance of shares of Holdco common stock in the Pinnacor merger. Additionally, each has waived its participation right to purchase additional shares of Holdco common stock to maintain its respective percentage ownership in Holdco after the merger. CBS and Pearson have reserved the right to transfer their shares to a non-affiliated party who would not be required to vote in favor of the merger. As of the record date of the MarketWatch special meeting, CBS and Pearson in the aggregate owned shares representing approximately 65% of the MarketWatch common stock entitled to vote at the MarketWatch special meeting.

Table of Contents

Index to Financial Statements

MarketWatch Summary Historical Condensed Consolidated Financial Data

You should read the following table in conjunction with MarketWatch s historical consolidated financial statements and related notes and MarketWatch s Management s Discussion and Analysis of Financial Condition and Results of Operations included in MarketWatch s annual reports, quarterly reports and other information on file with the Securities and Exchange Commission. See Where You Can Find More Information beginning on page 207.

The consolidated statements of operations data for the fiscal years ended December 31, 2000, 2001 and 2002 and the consolidated balance sheet data as of December 31, 2001 and 2002 have been derived from audited consolidated financial statements of MarketWatch included elsewhere in this joint proxy statement-prospectus. The consolidated statements of operations data for the fiscal years ended December 31, 1998 and 1999 and the consolidated balance sheet data as of December 31, 1998, 1999 and 2000 are derived from MarketWatch s audited financial statements not included in this joint proxy statement-prospectus.

The consolidated balance sheet data as of September 30, 2003 and the consolidated statements of operations data for the nine-month periods ended September 30, 2002 and 2003 are based upon unaudited quarterly condensed consolidated financial statements of MarketWatch included elsewhere in this joint proxy statement-prospectus.

The information as of September 30, 2003 and for the nine-month periods ended September 30, 2002 and 2003 is unaudited and has been prepared on the same basis as the annual consolidated financial statements of MarketWatch. In the opinion of MarketWatch management, this information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented. The results of operations for the nine-month period ended September 30, 2003 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2003, or any future period.

Table of Contents

Index to Financial Statements

MarketWatch.com, Inc.

Selected Financial Data

(in thousands, except per share data)

	Years Ended December 31,					Nine Months Ended September 30,	
	1998	1999	2000	2001	2002	2002	2003
						(unaudited)	
Consolidated Statements of Operations Data							
Net revenues:							
Advertising	$ 5,115	$ 19,053	$ 37,557	$ 20,797	$ 18,969	$ 13,545	$ 16,481
Licensing	1,285	5,262	15,809	24,775	24,631	18,667	16,176
Subscriptions	627	620	541	284	924	598	1,137
Total net revenues	7,027	24,935	53,907	45,856	44,524	32,810	33,794
Cost of net revenues	2,837	9,901	21,012	18,623	16,339	12,394	13,028
Gross profit	4,190	15,034	32,895	27,233	28,185	20,416	20,766
Operating expenses:							
Product development	1,468	4,762	8,725	8,308	6,954	5,194	5,040
General and administrative	3,429	8,948	14,211	12,600	11,315	8,584	8,545
Sales and marketing	11,547	33,430	47,130	29,975	20,279	17,690	7,439
Purchased in-process research and development		200					
Amortization of goodwill and intangibles		29,984	51,382	51,542			
Restructuring costs				1,409			
Total operating expenses	16,444	77,324	121,448	103,834	38,548	31,468	21,024
Loss from operations	(12,254)	(62,290)	(88,553)	(76,601)	(10,363)	(11,052)	(258)
Interest income (expense)	(159)	1,412	2,285	1,554	710	545	384
Loss in joint venture			(4,995)	(1,476)			
Net income (loss)	$ (12,413)	$ (60,878)	$ (91,263)	$ (76,523)	$ (9,653)	$ (10,507)	$ 126
Basic net income (loss) per share	$ (1.38)	$ (4.68)	$ (5.83)	$ (4.60)	$ (0.57)	$ (0.62)	$ 0.01
Diluted net income (loss) per share	$ (1.38)	$ (4.68)	$ (5.83)	$ (4.60)	$ (0.57)	$ (0.62)	$ 0.01
Shares used in the calculation of basic net income (loss) per share	9,000	13,004	15,659	16,648	16,959	16,925	17,267
	9,000	13,004	15,659	16,648	16,959	16,925	18,503

Shares used in the calculation of diluted net income (loss) per share							

	December 31,					September 30,
	1998	1999	2000	2001	2002	2003
						(unaudited)
Consolidated Balance Sheet Data						
Cash and cash equivalents	$ 140	$ 9,500	$ 45,356	$ 37,637	$ 43,328	$ 47,855
Working capital (deficit)	(5,889)	18,544	48,868	38,194	41,040	45,011
Total assets	4,487	156,855	144,240	77,513	78,645	82,906
Advances from DBC (1)	3,946					
Total stockholders equity (deficit)	(3,130)	149,148	133,417	69,051	70,297	72,003

(1) Advances from DBC by DBC Online/News at October 28, 1997 were neither paid by MarketWatch.com LLC, the predecessor company to MarketWatch.com, Inc., nor assumed by MarketWatch.com, Inc.

15

Table of Contents

Index to Financial Statements

Pinnacor Summary Historical Consolidated Financial Data

You should read the following table in conjunction with Pinnacor s historical consolidated financial statements and related notes and Pinnacor s Management s Discussion and Analysis of Financial Condition and Results of Operations included in Pinnacor s annual reports, quarterly reports and other information on file with the Securities and Exchange Commission. See Where You Can Find More Information beginning on page 207.

The consolidated statements of operations data for the fiscal years ended December 31, 2000, 2001 and 2002 and the consolidated balance sheet data as of December 31, 2001 and 2002 have been derived from audited consolidated financial statements of Pinnacor included elsewhere in this joint proxy statement-prospectus. The consolidated statements of operations data for the fiscal years ended December 31, 1998 and 1999 and the consolidated balance sheet data as of December 31, 1998, 1999 and 2000 are derived from Pinnacor s audited financial statements not included in this joint proxy statement-prospectus.

The consolidated balance sheet data as of September 30, 2003 and the consolidated statements of operations data for the nine-month periods ended September 30, 2002 and 2003 are based upon unaudited quarterly condensed consolidated financial statements of Pinnacor included elsewhere in this joint proxy statement-prospectus.

The information as of September 30, 2003 and for the nine-month periods ended September 30, 2002 and 2003 has been prepared on the same basis as the annual consolidated financial statements of Pinnacor. In the opinion of Pinnacor management, this nine month information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented. The results of operations for the nine-month period ended September 30, 2003 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2003, or any future period.

Table of Contents

Index to Financial Statements

Pinnacor Inc.

Selected Financial Data

(in thousands, except per share data)

	Years Ended December 31,					Nine Months Ended September 30,	
	1998	1999	2000	2001	2002	2002	2003
						(unaudited)	
Consolidated Statements of Operations Data							
Net revenue	$ 567	$ 2,985	$ 21,865	$ 30,952	$ 34,566	$ 26,364	$ 25,128
Operating expenses:							
Cost of services	142	1,017	5,902	9,211	11,480	8,558	8,690
Research and development	152	1,049	6,355	7,853	7,414	5,737	5,425
Sales and marketing	139	4,028	20,763	14,512	9,052	7,501	4,658
General and administrative	354	3,872	10,847	13,113	7,200	5,398	5,542
Depreciation and amortization	26	451	3,634	5,456	4,135	3,234	2,389
Stock-based compensation	350	6,062	17,576	881	(189)	(356)	40
Restructuring and asset abandonment charge				12,239	2,463	2,463	
Total operating expenses	1,163	16,479	65,077	63,265	41,555	32,535	26,744
Operating loss	(596)	(13,494)	(43,212)	(32,313)	(6,989)	(6,171)	(1,616)
Other income (expense):							
Interest income		381	3,446	4,158	1,963	1,571	912
Interest expense	(11)	(53)	(378)	(494)	(307)	(242)	(132)
Impairment of investments				(400)			
Other	(3)						
Total other income (expense), net	(14)	328	3,068	3,264	1,656	1,329	780
Net loss	(610)	(13,166)	(40,144)	(29,049)	(5,333)	(4,842)	(836)
Deemed preferred stock dividends		(102)	(50,523)				
Loss applicable to common stockholders	$ (610)	$ (13,268)	$ (90,667)	$ (29,049)	$ (5,333)	$ (4,842)	$ (836)
Basic and diluted net loss per common share	$ (0.35)	$ (1.08)	$ (4.00)	$ (0.73)	$ (0.13)	$ (0.11)	$ (0.02)
Basic and diluted weighted-average number of shares of common stock outstanding	1,731	12,298	22,680	39,670	42,022	42,529	40,534

December 31, **September 30,**

	1998	1999	2000	2001	2002	2003
						(unaudited)
Consolidated Balance Sheet Data						
Cash and cash equivalents	$ 120	$ 22,122	$ 58,306	$ 15,189	$ 15,098	$ 29,041
Marketable securities			39,820	48,925	35,611	18,691
Working capital	24	21,930	93,631	47,249	41,820	41,935
Total assets	274	32,370	122,267	117,175	100,868	95,836
Capital lease obligation, less current portion		647	3,400	1,858	1,181	418
Redeemable convertible preferred stock		27,434				
Total stockholders equity (deficit)	(190)	(549)	109,175	91,472	84,401	83,494

Table of Contents

Index to Financial Statements

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma combined condensed financial statements have been prepared to give effect to the proposed business combination of MarketWatch and Pinnacor using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial statements. These pro forma statements were prepared as if the business combination had been completed as of September 30, 2003 for balance sheet purposes and as of January 1, 2002 for statements of operations purposes. Pinnacor s acquisition of substantially all of the assets of Inlumen, Inc. (Inlumen) on November 20, 2002 is also treated as having occurred on January 1, 2002.

The unaudited pro forma combined condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations that would have actually been reported had the business combination occurred as of September 30, 2003 for balance sheet purposes and as of January 1, 2002 for statements of operation purposes, nor is it necessarily indicative of future financial position or results of operations. The pro forma combined condensed financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of purchase price to the fair value of the acquired assets and assumed liabilities of Pinnacor, before any integration adjustments. The final allocation of the purchase price will be determined after the completion of the business combination and will be based upon actual fair value of the net tangible and intangible assets acquired as well as liabilities assumed.

It is management s expectation that based on the finalization of the purchase price allocation and other considered factors, the pro forma adjustments will not materially differ from the preliminary allocation estimates presented in these pro forma condensed combined financial statements with the exception of costs relating to the anticipated restructuring. Upon the completion of the business combination, it is the combined company s intention to implement certain integration plans. Such plans will not be formalized until the completion of the business combination, and in this specific respect, the final allocation of the purchase price may differ materially from initial estimation.

As soon as possible after completion of the business combination, the combined company intends to restructure certain business operations of Pinnacor, with such activities involving the formulation of a detailed integration plan. The plan is anticipated to contain an assessment of exit and relocation plans and potential involuntary employee terminations, with the finalization and communication of the plan occurring as soon as possible after consummation of the business combination and in no event longer than one year from the date of completion of the business combination. Since management cannot reasonably anticipate its restructuring plans at this time, the unaudited pro forma combined condensed financial statements included in this joint proxy statement-prospectus do not include any adjustments for the combined company s intended restructuring of certain business operations of Pinnacor.

These unaudited pro forma combined condensed financial statements are based upon the respective historical consolidated financial statements of MarketWatch, Pinnacor and Inlumen and should be read in conjunction with the historical consolidated financial statements of MarketWatch and Pinnacor and related notes contained in other sections of this joint proxy statement-prospectus.

Certain reclassifications have been made to the Pinnacor historical balance sheet and the Inlumen statement of operations information previously reported by Pinnacor to conform with MarketWatch s presentation.

Table of Contents

Index to Financial Statements

Holdco

Unaudited Pro Forma Combined Condensed Balance Sheet

(in thousands)

	MarketWatch September 30, 2003	Pinnacor September 30, 2003	Pro Forma Adjustments	Pro Forma Balance Sheet September 30, 2003
Current assets:				
Cash and cash equivalents	$ 47,855	$ 29,041	$ (44,000)(a)	$ 32,896
Marketable securities		18,691		18,691
Accounts receivable, net	5,804	4,262		10,066
Prepaid expenses	2,255	1,865	(465)(e)	3,655
Total current assets	55,914	53,859	(44,465)	65,308
Property plant and equipment, net	4,435	4,531		8,966
Intangible assets, net		1,946	(1,946)(c)	
			7,800 (c)	7,800
Goodwill	22,429	34,888	(34,888)(c)	
			53,655 (c)	76,084
Other assets	128	612		740
Total assets	$ 82,906	$ 95,836	$ (19,844)	$ 158,898
Current liabilities:				
Accounts payable	3,270	5,445		8,715
Accrued expenses	6,169		2,500 (d)	8,669
Current portion of capital lease obligations		1,059		1,059
Accrued restructuring expenses		551		551
Deferred revenue	1,464	4,869	(1,001)(e)	5,332
Total current liabilities	10,903	11,924	1,499	24,326
Noncurrent liabilities:				
Capital lease obligations, less current portion		418		418
Deferred tax liability			3,120 (q)	3,120
Total noncurrent liabilities		418	3,120	3,538
Total liabilities	10,903	12,342	4,619	27,864
Stockholders equity:				
Common stock	180	453	(453)(b)	
			60 (h)	240
Additional paid-in capital	322,508	225,593	(225,593)(b)	

			59,432 (h)	381,940
Treasury stock		(4,301)	4,301 (b)	
Warrants		1,708	(1,708)(b)	
Deferred compensation		(316)	316 (b)	
			(161)(f)	(161)
Accumulated other comprehensive income		156	(156)(b)	
Accumulated deficit	(250,685)	(139,799)	139,799 (b)	
			(300)(i)	(250,985)
Total stockholders equity	72,003	83,494	(24,463)	131,034
Total liabilities and stockholders equity	$ 82,906	$ 95,836	$ (19,844)	$ 158,898

See accompanying notes to the Unaudited Pro Forma Combined Condensed Financial Statements

Table of Contents

Index to Financial Statements

Holdco

Unaudited Pro Forma Combined Condensed Statement of Operations

(in thousands, except per share data)

	MarketWatch Year Ended December 31, 2002	Pinnacor Year Ended December 31, 2002	Inlumen From January 1, 2002 to November 20, 2002	Reclassifications	Pro Forma Adjustments	Pro Forma Year Ended December 31, 2002
Net revenues:						
Advertising	$ 18,969	$	$			$ 18,969
Licensing	24,631	34,566	4,558			63,755
Subscriptions	924					924
Total net revenues	44,524	34,566	4,558			83,648
Cost of net revenues	16,339	11,480	2,129	$ (310)(p)		
				771 (n)	$ 1,008 (g)	31,417
Gross profit	28,185	23,086	2,429	(461)	(1,008)	52,231
Operating expenses:						
Product development	6,954	7,414		310 (p)	(33)(f)	
				1,683 (n)	(121)(m)	
				1,950 (o)		18,157
General and administrative	11,315	7,200	3,386	507 (n)	(667)(f)	
				1,714 (o)	(57)(m)	23,398
Sales and marketing	10,436	9,052	19	976 (n)	971 (f)	
				385 (o)	(106)(m)	21,733
Compensation			4,238	(4,238)(o)		
CBS in-kind advertising	9,843					9,843
Amortization of intangibles		198			342 (g)	540
Depreciation		3,937		(3,937)(n)		
Stock based compensation		(189)		189 (o)		
Restructuring		2,463				2,463
Total operating expenses	38,548	30,075	7,643	(461)	329	76,134
Loss from operations	(10,363)	(6,989)	(5,214)		(1,337)	(23,903)
Interest and other income (expense), net	710	1,656	(1,033)		(816)(a)	
					359 (l)	876
Net loss	$ (9,653)	$ (5,333)	$ (6,247)		$ (1,794)	$ (23,027)
Net loss per share:						
Basic and diluted	$ (0.57)	$ (0.13)				$ (1.00)

Weighted average shares outstanding used to compute:			(42,022)(k)	
Basic and diluted	16,959	42,022	6,037 (j)	22,996

See accompanying notes to the Unaudited Pro Forma Combined Condensed Financial Statements

Table of Contents

Index to Financial Statements

Holdco

Unaudited Pro Forma Combined Condensed Statement of Operations

(in thousands, except per share data)

	MarketWatch Nine Months Ended September 30, 2003	Pinnacor Nine Months Ended September 30, 2003	Reclassifications	Pro Forma Adjustments	Pro Forma Nine Months Ended September 30, 2003
Net revenues:					
Advertising	$ 16,481	$			$ 16,481
Licensing	16,176	25,128			41,304
Subscriptions	1,137				1,137
Total net revenues	33,794	25,128			58,922
Cost of net revenues	13,028	8,690	$ (228)(p)		
			307 (n)	$ 756 (g)	22,553
Gross profit	20,766	16,438	(79)	(756)	36,369
Operating expenses:					
Product development	5,040	5,425	228 (p)	29 (f)	
			946 (n)		
			6 (o)		11,674
General and administrative	8,545	5,542	367 (n)	(40)(f)	
			40 (o)		14,454
Sales and marketing	7,439	4,658	412 (n)	38 (f)	
			(6)(o)		12,541
CBS in-kind advertising					
Amortization of intangibles		357		48 (g)	405
Depreciation		2,032	(2,032)(n)		
Stock-based compensation		40	(40)(o)		
Total operating expenses	21,024	18,054	(79)	75	39,074
Loss from operations	(258)	(1,616)		(831)	(2,705)
Interest and other income (expense), net	384	780		(268)(a)	896
Net income (loss)	$ 126	$ (836)		$ (1,099)	$ (1,809)
Net income (loss) per share:					
Basic	$ 0.01	$ (0.02)			$ (0.08)

Diluted	$ 0.01	$ (0.02)		$ (0.07)
Weighted average shares outstanding used to compute:			(40,534)(k)	
Basic	17,267	40,534	6,037 (j)	23,304
			(40,534)(k)	
Diluted	18,503	40,534	6,037 (j)	24,540

See accompanying notes to the Unaudited Pro Forma Combined Condensed Financial Statements

Table of Contents

Index to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

1. Basis of Pro Forma Presentation

On July 22, 2003, MarketWatch and Pinnacor entered into a definitive agreement whereby MarketWatch will acquire Pinnacor. Under the terms of the agreement, a new company, NMP, Inc. (Holdco), was formed to combine the businesses of MarketWatch and Pinnacor. Each Pinnacor stockholder will receive either $2.42 in cash or 0.2659 of a share of Holdco common stock for each share of Pinnacor common stock they own. Subject to the proration rules described in this joint proxy statement-prospectus, Pinnacor stockholders may elect to receive cash, Holdco common stock or a combination of both in exchange for their shares of Pinnacor common stock. Each MarketWatch stockholder will receive one share of Holdco common stock for each share of MarketWatch common stock they own. Each option and warrant to purchase shares of Pinnacor common stock outstanding as of the closing of the Pinnacor merger will be assumed by Holdco. The respective number of shares of Holdco common stock issuable upon the exercise of such options or warrants, as the case may be, will be equal to the number of shares of Pinnacor common stock that could have been purchased before the merger upon the exercise of such options or warrants, as the case may be, multiplied by 0.2659, the exchange ratio, and rounded down to the nearest whole share. The respective exercise price for such options or warrants, as the case may be, will be equal to the exercise price per share of Pinnacor common stock subject to such options or warrants, as the case may be, divided by 0.2659 and rounded up to the nearest whole cent. Each outstanding option to purchase MarketWatch common stock will be assumed by Holdco. The number of shares of Holdco common stock issuable upon the exercise of such options will be equal to the number of shares of MarketWatch common stock that could have been purchased before the merger upon the exercise of such options. The exercise price of such options will be equal to the exercise price per share of MarketWatch common stock subject to such options before the merger. Holdco will account for the business combination as a purchase.

On November 20, 2002, Pinnacor completed the acquisition of substantially all of the assets of Inlumen, a transaction accounted for as a purchase. Pinnacor acquired all of the operating assets of Inlumen in exchange for $2.4 million in cash, net of cash received of approximately $66,000, and $188,000 of acquisition costs. The purchase price resulted in the allocation of approximately $2.3 million to goodwill and other intangible assets and approximately $350,000 to net tangible assets.

The unaudited pro forma combined condensed balance sheet at September 30, 2003 combines the MarketWatch and Pinnacor consolidated balance sheets at September 30, 2003 as if the proposed business combination had been consummated on that date.

The unaudited pro forma combined condensed statements of operations for the year ended December 31, 2002 and for the nine month period ended September 30, 2003 give effect to the proposed business combination as if it had occurred on January 1, 2002. Additionally, the pro forma combined condensed statement of operations reflects the November 20, 2002 acquisition by Pinnacor of substantially all of the assets of Inlumen as if it had occurred on January 1, 2002. Accordingly, the results of Inlumen s operations prior to November 20, 2002 have been presented alongside Pinnacor s consolidated statement of operations, which includes the results of Inlumen s operations since November 20, 2002.

The merger structure described in this joint proxy statement-prospectus will not result in a change in control of MarketWatch. Accordingly, under accounting principles generally accepted in the United States, the assets and liabilities transferred from MarketWatch will be accounted for at historical cost. Therefore, no pro forma statements of MarketWatch showing the effect of the reorganization are included in this joint proxy statement-prospectus.

22

Table of Contents

Index to Financial Statements

2. Preliminary Purchase Price

The unaudited pro forma combined condensed financial statements reflect an estimated purchase price of approximately $106.0 million. The preliminary fair market value of Holdco s common stock to be issued was determined using the five-trading-day average price of MarketWatch s common stock surrounding the date the business combination was announced of $8.74 per share. The preliminary fair market value of Holdco s stock options and warrants to be issued for the Pinnacor stock options and warrants assumed was determined using the Black-Scholes option-pricing model. The following assumptions were used to perform the calculations: expected life of 48 months for options and a remaining contractual life of eight to ten months for warrants, risk-free interest rate of 1.51%, expected volatility of 60% and no expected dividend yield. The final purchase price is dependent on the actual number of shares of common stock exchanged, the actual number of options and warrants assumed, and actual direct transaction costs. The final purchase price will be determined upon the completion of the business combination. The estimated total purchase price of the proposed business combination is as follows (in thousands):

Value of Holdco common stock to be issued	$ 52,762
Value of Holdco options and warrants to be issued	6,730
Cash consideration	44,000
Estimated direct transaction costs	2,500
Total estimated purchase price	$ 105,992

Under the purchase method of accounting, the total estimated purchase price is allocated to Pinnacor s net tangible and intangible assets based upon their estimated fair value as of the date of the completion of the business combination. Based upon the estimated purchase price, the purchase price allocation, which is subject to change based on Holdco s final analysis, is as follows (in thousands):

Tangible assets acquired	$ 58,537
Intangible assets:	
Developed technology	4,050
Customer base	3,750
In-process research and development	300
Goodwill	53,655
Total assets acquired	120,292
Liabilities assumed	(11,341)
Deferred tax liability	(3,120)
Deferred stock-based compensation	161
Net assets acquired	$ 105,992

A preliminary estimate of $8.1 million has been allocated to amortizable intangible assets with useful lives ranging from 4 to 7 years as follows: developed technology 4 years and customer base 7 years. A preliminary estimate of $250,000 has been allocated to in-process research and development, which will be expensed upon the completion of the business combination.

A preliminary residual purchase price of $53.7 million has been recorded as goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. In accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, goodwill will not be amortized and will be tested for impairment at least annually.

Table of Contents

Index to Financial Statements

The allocation of the purchase price was determined based on a preliminary valuation of assets to be acquired and liabilities to be assumed determined with the assistance of a draft independent appraisal. This allocation was based on the estimated fair value of these assets determined by the draft independent appraisal.

The estimate of fair value of the Pinnacor customer base was prepared using an income approach. This approach valued the subject asset at the present value of the expected net future cash flows that were attributable to that asset. Revenues from the existing customer base were estimated taking into consideration current contracts, expected contract renewal rates, expected customer attrition and expected changes in future pricing. Cost of goods sold, operating expenses and contributory asset charges associated with the expected revenues from the existing customer base were deducted from the revenue estimates. The value of the existing customer base was then calculated as the risk adjusted after-tax present value of the expected future cash flows attributable to the customer base over its estimated useful life of seven years.

The fair values of Pinnacor s developed technology and in-process research and development were assessed using an income approach. This approach valued the subject asset at the present value of the expected future cash flows that were attributable to that asset. Pinnacor s expected future revenues were allocated to developed technology, in-process research and development and future technology based on an analysis of the aggregate development efforts invested into each of the developed technology and in-process research and development, the expected useful life of each technology class, the expected obsolescence of the technology and the expected contribution of future technology. Cost of goods sold, operating expenses and contributory asset charges associated with the allocated revenues were deducted from the revenue estimates. The values of the developed technology and in-process research and development were then calculated as the risk adjusted after-tax present value of the expected future cash flows attributable to the each respective class of technology over the estimated useful life of five years.

Pinnacor s acquired technology includes certain additional products that may allow Holdco to develop more comprehensive products and pursue expanded market opportunities. These opportunities, along with the ability to hire the Pinnacor workforce, and the expected operating synergies in the two businesses, were significant contributing factors to the establishment of the purchase price, resulting in the recognition of a significant amount of goodwill.

The following attributes of the two businesses combining were considered significant contributing factors to the establishment of the purchase price, resulting in the recognition of the significant amount of goodwill.

(i) Pinnacor s acquired technology includes certain additional products that may allow the combined company to develop more comprehensive products and pursue expanded market opportunities. Management expects to be able to offer existing customers of each company new product offerings by selling MarketWatch news content to existing Pinnacor customers and selling Pinnacor financial tools, customization and integration services to existing MarketWatch customers. The business combination is also anticipated to allow the combined company to more effectively develop a long term strategic goal of focusing on financial services and institutional customers and to pursue potential new business opportunities through content and product provision to wireless access providers and via corporate portals and intranets currently managed by Pinnacor.

(ii) The ability to hire the Pinnacor workforce, which will include a significant number of experienced engineering, development and technical staff with specialized knowledge of the sector in which the combined company will operate.

(iii) Potential operating synergies are anticipated to arise and are likely to include cost savings, estimated at $5.7 million for fiscal 2004, from the elimination of redundant data content provision, data center operations and expenses associated with operating as a public company and limited reductions in overlapping staffing positions and general facility costs.

Table of Contents

Index to Financial Statements

3. Pro Forma Adjustments

There were no intercompany balances or transactions between MarketWatch and Pinnacor. Certain reclassifications have been made to the Pinnacor historical balance sheet and the Pinnacor and Inlumen statements of operations information previously reported by Pinnacor to conform to MarketWatch s presentation.

The accompanying unaudited pro forma combined financial statements have been prepared as if the business combination was completed on September 30, 2003 for balance sheet purposes and as of January 1, 2002 for statement of operations purposes and reflect the following pro forma adjustments:

(a) To reflect the cash portion for the proposed business combination of $44.0 million and resulting decrease in interest income.

(b) To eliminate the historical stockholders equity of Pinnacor.

(c) To eliminate Pinnacor s existing intangible assets and to establish amortizable intangible assets and non-amortizable goodwill resulting from the proposed business combination.

(d) To record estimated direct transaction costs of approximately $2.5 million to be incurred by MarketWatch related to the proposed business combination. Actual amounts could differ significantly upon close of the proposed business combination.

(e) To eliminate deferred revenue and deferred costs related to setup services previously provided to customers and to record the estimated fair value of deferred revenue related to ongoing obligations.

(f) To record deferred stock-based compensation related to the issuance of restricted stock, eliminate amortization of Pinnacor s historical deferred stock-based compensation and reflect the amortization of deferred stock-based compensation on a straight-line basis resulting from the proposed business combination.

(g) To eliminate the amortization of Pinnacor s historical intangible assets and reflect amortization of the amortizable intangible assets on a straight-line basis resulting from the proposed business combination. The weighted average life of amortizable intangible assets approximates 5.4 years.

(h) To record the estimated fair value of the shares of Holdco common stock and options and warrants to purchase Holdco common stock to be issued for the shares of Pinnacor common stock to be exchanged, and the options and warrants exercisable for Pinnacor common stock to be assumed in the proposed business combination.

(i) To record a one-time charge for the write-off of in-process research and development resulting from the proposed business combination.

(j)

Basic net loss per share is calculated by dividing the net loss for the period by the weighted average common stock outstanding for the period, inclusive of the 6.0 million shares of Holdco common stock estimated to be issued in the proposed business combination. As the pro forma combined condensed statement of operations for all periods presented shows a net loss, weighted average basic and diluted shares are the same.

(k) To eliminate the Pinnacor common stock outstanding at the end of the period for the net loss calculation for the proposed business combination.

(l) To record an adjustment to reverse the recorded loss of $359,000 related to Inlumen s equity investments that were not acquired by Pinnacor.

(m) To record an adjustment to decrease depreciation expense of $284,000 related to Inlumen s fixed assets that were not acquired by Pinnacor.

25

Table of Contents

Index to Financial Statements

The following reclassifications have been made to the Pinnacor and Inlumen historical income statement information previously reported by Pinnacor and Inlumen to conform to MarketWatch s presentation:

(n) Depreciation of fixed assets is presented as a component of cost of net revenues, product development, general and administrative, and sales and marketing expense based on headcount associated with the cost.

(o) Compensation and stock based compensation is presented as a component of product development, general and administrative, and sales and marketing expense based on the job responsibility of the individual employee associated with the cost.

(p) Datasource fees associated with the production of certain products are presented as product development expense.

(q) To record a deferred tax liability at the statutory rates for federal and California jurisdictions relating to the amortizable intangible assets.

Table of Contents

Index to Financial Statements

Comparative Historical and Pro Forma Per Share Data

The following table presents certain unaudited historical per share and combined pro forma per share data of MarketWatch and Pinnacor after giving effect to the proposed business combination using the purchase method of accounting. The pro forma data does not purport to be indicative of the results of future operations or the results that would have occurred had the business combination been consummated at the beginning of the periods presented. The information set forth below should be read in conjunction with the historical consolidated financial statements and notes thereto of MarketWatch and Pinnacor included in other sections of this joint proxy statement-prospectus, and the unaudited pro forma combined condensed financial data included elsewhere in this joint proxy statement-prospectus. The unaudited pro forma per share data combine the results of operations of MarketWatch and Pinnacor for the year ended December 31, 2002, the results of operations of MarketWatch and Pinnacor for the nine months ended September 30, 2003, and MarketWatch s financial position at September 30, 2003 with Pinnacor s financial position at September 30, 2003. No cash dividends have ever been declared or paid on MarketWatch common stock or Pinnacor common stock.

	Year Ended December 31, 2002	Nine Months Ended September 30, 2003
MarketWatch:		
Historical per common share data:		
Net income (loss) per basic and diluted share	$ (0.57)	$ 0.01
Net book value per share(1)		$ 4.14
Pinnacor:		
Historical per common share data:		
Net loss per basic and diluted share	$ (0.13)	$ (0.02)
Net book value per share(1)		$ 2.04
Holdco:		
Pro forma combined per common share data:		
Net loss per combined company s share(2)		
Basic	$ (1.00)	$ (0.08)
Diluted	$ (1.00)	$ (0.07)
Net loss per equivalent Pinnacor basic and diluted share(3)	$ (0.26)	$ (0.02)
Net book value per combined company s share(1)		$ 5.62
Net book value per equivalent Pinnacor share(3)		$ 1.50

(1) The historical net book value per share of MarketWatch common stock is computed by dividing stockholders equity by the number of shares of common stock outstanding at September 30, 2003. The historical net book value per share of Pinnacor common stock is computed by dividing stockholders equity by the number of shares of common stock outstanding at September 30, 2003. The pro forma net book value per share of the combined company s common stock is computed by dividing the pro forma stockholders equity by the pro forma number of shares of combined company s common stock outstanding as of September 30, 2003, assuming the business combination had occurred as of that date.

(2) Shares used to calculate unaudited pro forma net loss per basic and diluted share were computed by adding 6.1 million shares of Holdco s common stock assumed to be issued at the closing of the proposed business combination to MarketWatch s weighted average shares outstanding.

(3) The equivalent pro forma combined per share value of Pinnacor common stock is calculated by multiplying the pro forma combined amounts by the exchange ratio of 0.2659 of a share of Holdco common stock for each share of Pinnacor common stock. The exchange ratio does not include the $2.42 per share cash consideration.

27

Table of Contents

Index to Financial Statements

Comparative Per Share Market Price Data

There is currently no public market for shares of Holdco common stock. Holdco will use reasonable best efforts to cause the Holdco common stock to be approved for listing on the Nasdaq National Market. The proposed symbol for the Holdco common stock is MKTW, the same ticker symbol currently used by MarketWatch.

The following table shows the high and low sale prices of the MarketWatch common stock as reported by the Nasdaq National Market for the periods indicated. MarketWatch has never paid a cash dividend and does not anticipate paying any cash dividends in the foreseeable future.

Pinnacor common stock is traded on the Nasdaq National Market under the symbol PCOR. Pinnacor common stock traded under the symbol SCRM until November 1, 2002, at which time it changed its name to Pinnacor Inc., and its common stock commenced trading under the symbol PCOR. The following table shows the high and low sale prices of the Pinnacor common stock as reported by the Nasdaq National Market for the periods indicated. Pinnacor has never paid a cash dividend and does not anticipate paying any cash dividends in the foreseeable future.

	MarketWatch Sale Price		Pinnacor Sale Price	
	High	Low	High	Low
Year Ended December 31, 2001				
First Quarter	$ 6.25	$ 2.91	$ 5.22	$ 1.63
Second Quarter	$ 4.29	$ 2.07	$ 3.51	$ 1.00
Third Quarter	$ 3.01	$ 1.06	$ 3.02	$ 1.26
Fourth Quarter	$ 4.71	$ 1.50	$ 2.60	$ 1.16
Year Ended December 31, 2002				
First Quarter	$ 4.50	$ 3.11	$ 2.59	$ 1.71
Second Quarter	$ 5.49	$ 3.90	$ 2.40	$ 1.42
Third Quarter	$ 4.93	$ 3.81	$ 1.80	$ 1.07
Fourth Quarter	$ 5.05	$ 3.88	$ 1.50	$ 1.05
Year Ending December 31, 2003				
First Quarter	$ 7.76	$ 4.73	$ 1.40	$ 1.21
Second Quarter	$ 9.78	$ 6.65	$ 2.00	$ 1.21
Third Quarter	$ 9.12	$ 7.50	$ 2.40	$ 1.90
Fourth Quarter (through December 12, 2003)	$ 9.52	$ 8.05	$ 2.48	$ 2.13

On July 22, 2003, the last full trading day before the public announcement of the proposed business combination, the high and low sale prices for the MarketWatch common stock, as reported on the Nasdaq National Market, were $9.10 and $8.86, respectively. The high and low sale prices for the Pinnacor common stock on the same day, as reported on the Nasdaq National Market, were $2.22 and $2.15, respectively.

The following table sets forth the closing sale price of the MarketWatch common stock, as reported on the Nasdaq National Market, and the Pinnacor common stock, as reported on the Nasdaq National Market, on July 22, 2003, the last full trading day prior to the public announcement of the proposed business combination, and , 2003, the latest practicable trading day prior to the printing of this joint proxy statement-prospectus.

	Closing Sales Price	
	MarketWatch	Pinnacor
Price per share:		
July 22, 2003	$ 9.10	$ 2.22
, 2003	$	$

You are advised to obtain current market quotations for the common stock of MarketWatch and Pinnacor. The market price of the common stock of both companies is subject to fluctuation. The value of shares of Holdco common stock that holders of Pinnacor common stock will receive in the proposed Pinnacor merger and the value of the Pinnacor common stock they surrender may increase or decrease.

Table of Contents

Index to Financial Statements

RISK FACTORS

In deciding whether to vote for adoption of the merger agreement, you should carefully consider the following risk factors, which are material to the merger, the combined company after the merger, the MarketWatch business, the Pinnacor business and the Holdco common stock.

Risks Relating to the Merger

The combined company may fail to realize the anticipated benefits of the merger if it does not successfully implement its integration strategy.

The failure of the combined company to meet the challenges involved in integrating the operations of MarketWatch and Pinnacor successfully or otherwise to realize any of the anticipated benefits of the merger, including cost savings, could seriously harm the results of operations of the combined company. Integrating the companies is a complex, time-consuming and expensive process that, without proper planning and implementation, could cause significant disruptions. The success of the integration process will also depend on the retention of existing key employees of each company and maintaining positive employee morale during a period of transition. To realize the anticipated benefits of the merger, management of the combined company must develop strategies and implement a business plan that will:

- effectively combine Pinnacor s financial applications and customization capabilities with MarketWatch s news, tools and charting capabilities to offer new and existing customers a broader set of content and applications;
- successfully leverage the opportunities for cross-promotion of the combined company s expanded products and services to the existing customers of MarketWatch and Pinnacor and coordinate sales and marketing efforts to effectively communicate the capabilities of the combined company; and
- retain existing customer and vendor relationships by demonstrating to them that the merger will not adversely affect customer service standards or business focus and helping them conduct business easily with the combined company.

The successful execution of the post-merger integration strategy will involve considerable risks and may not be successful.

If management of the combined company is unable to minimize the potential disruption of the combined company s ongoing business and distraction of the management during the integration process, the anticipated benefits of the merger may not be realized. Realizing the benefits of the merger will depend in part on the integration of technology, operations and personnel while maintaining adequate focus on the core businesses of the combined company. In particular, there are difficulties in incorporating acquired technologies and rights into the combined company s products and services. Also, there may be overlaps in the current product and services offerings of MarketWatch and Pinnacor which could negate some of the anticipated benefits and enhanced revenue opportunities resulting from the merger. We cannot assure you that any cost savings, greater economies of scale and other operational efficiencies, as well as revenue enhancement opportunities anticipated from the combination of the two businesses, including from cross promotion of the combined company s products and services, will occur. The combined company s operating expenses may increase significantly over the near term due to the increased headcount, expanded operations and expense or changes related to the merger. To the extent that the combined company s expenses increase but its revenues do not, there are unanticipated expenses related to the integration process, or there are significant costs associated with presently unknown liabilities, the combined company s business, operating results and financial condition may be materially and adversely affected. Failure to minimize the numerous risks associated with the post-merger integration strategy also may adversely affect the trading price of Holdco common stock.

[Table of Contents](#)

[Index to Financial Statements](#)

With respect to Pinnacor stockholders, in the event you elect to receive and, subject to the proration rules described in this joint proxy statement-prospectus, do receive Holdco common stock as merger consideration, you will receive 0.2659 of a share of Holdco common stock for each share of Pinnacor common stock you own irrespective of the market price of Pinnacor or MarketWatch common stock before the completion of the merger.

Upon the completion of the Pinnacor merger, each share of Pinnacor common stock will be exchanged for either 0.2659 of a share of Holdco common stock or $2.42 in cash. The market values of MarketWatch common stock and Pinnacor common stock have varied since MarketWatch and Pinnacor entered into the merger agreement and will continue to vary in the future due to changes in the business, operations or prospects of MarketWatch and Pinnacor, market assessment of the merger, market and economic considerations and other factors. The dollar value of Holdco common stock that Pinnacor stockholders elect to receive as merger consideration will depend on the market value of Holdco common stock at the time of the completion of the Pinnacor merger, which may be different from, and lower than, the closing price of MarketWatch common stock on the last full trading day preceding public announcement of the merger or the last full trading day prior to the date of this joint proxy statement-prospectus or the date of the special meetings. Moreover, the completion of the Pinnacor merger may occur some time after stockholder approval has been obtained. There will be no adjustment to the exchange ratio, and the parties do not have a right to terminate the merger agreement, based upon changes in the market price of either MarketWatch common stock or Pinnacor common stock. Pinnacor stockholders are urged to obtain recent market quotations for the MarketWatch and Pinnacor common stock.

Pinnacor stockholders may receive consideration that is different from that which they elected to receive.

In the Pinnacor merger, Holdco will issue a fixed number of shares of Holdco common stock based on the fixed exchange ratio of 0.2659 and the number of shares of Pinnacor common stock outstanding at the closing of the merger and $44.0 million in cash. Accordingly, we cannot assure you that a Pinnacor stockholder will receive the form of consideration that such stockholder elects to receive with respect to any or all shares of Pinnacor common stock held by such stockholder. If elections are made by Pinnacor stockholders that would result in an oversubscription of the pool of cash, those electing to receive cash will have the cash consideration reduced by a pro rata amount and will receive a portion of their consideration in the form of Holdco common stock. If elections are made by Pinnacor stockholders that would result in an oversubscription of the pool of Holdco common stock, those electing to receive stock will have the stock consideration reduced by a pro rata amount and will receive a portion of their consideration in the form of cash. Accordingly, there is a risk that you will receive a portion of the merger consideration in a form that you do not elect, which could result in, among other things, tax consequences that differ from those that would have resulted had you received the form of consideration you elected (including with respect to the recognition of taxable gain to the extent cash is received). For more information about the tax consequences, see Material United States Federal Income Tax Consequences of the Merger beginning on page 90.

MarketWatch and Pinnacor expect to incur significant costs associated with the merger.

MarketWatch estimates that it will incur direct transaction costs of approximately $2.5 million associated with the merger. MarketWatch s direct transaction costs will be included as part of the cost associated with the merger for accounting purposes if the merger is consummated, or will be expensed if the merger is not completed. Pinnacor estimates that it will incur direct transaction costs of approximately $1.8 million which will be expensed in the quarter they are incurred. In addition, MarketWatch and Pinnacor cannot assure you that these will be the only charges associated with the merger and believe the combined company may incur charges to operations in the quarter in which the merger is completed or the following quarters, to reflect costs associated with integrating the two businesses. In addition, the combined company may incur additional material charges in future periods to reflect additional costs associated with potential unknown liabilities.

Table of Contents

Index to Financial Statements

If the merger is not completed, the stock price and future business and operations of each of MarketWatch and Pinnacor could be harmed.

If the merger is not completed, both MarketWatch and Pinnacor may be subject to the following material risks, among others:

- depending on the nature of the termination, Pinnacor may be required to pay MarketWatch a termination fee of $3.0 million and/or MarketWatch s transaction expenses of up to $1.5 million, or MarketWatch may be required to pay Pinnacor s transaction expenses of up to $1.5 million;

- there may be a decline in revenues or a disruption of business due to customer and employee uncertainty surrounding the future direction of the product and service offerings and the strategy of MarketWatch or Pinnacor on a stand-alone basis; and

- the market price of MarketWatch and Pinnacor common stock may decline to the extent that the current market price of the respective stocks reflects a market assumption that the merger will be completed and will be successful.

Further, if the merger is not completed, MarketWatch would not derive the strategic benefits expected to result from the merger, such as creating a more complete and balanced product and services portfolio, and MarketWatch s ability to internally develop such a comprehensive portfolio may be cost prohibitive. In addition, if the merger is not completed, Pinnacor would not derive the strategic benefits expected to result from the merger such as access to MarketWatch s premium-branded news, tools and charting capabilities. Also, if the merger is terminated and the Pinnacor board of directors decides to seek another merger or business combination, it is not certain that Pinnacor would be able to find a partner willing to pay an equivalent or more attractive price than that which is to be paid by MarketWatch.

Employee uncertainty related to the merger could harm the combined company.

Employees of MarketWatch and Pinnacor may experience uncertainty about their future role with the combined company until or after strategies with regard to the combined company are announced or executed. The integration team that will be working on effectively combining MarketWatch and Pinnacor may streamline the combined company s operations to achieve cost savings or in response to general economic conditions. We cannot assure you that any such efforts will yield the intended effects. The integration process may cause disruptions among employees or erode employee morale. Employee uncertainty may adversely affect the combined company s ability to attract new personnel to fill key positions that may become available upon integration of the two businesses or to retain current employees necessary to implement the combined company s strategies, either of which may disrupt the operations of the combined company. We cannot assure you that the combined company will succeed in retaining current MarketWatch and Pinnacor employees, nor can we assure you that the management of the combined company will succeed in motivating continuing employees and keeping them focused on the strategies and goals of the combined company during potential workforce reductions and other distractions relating to the merger.

Customers and content providers of MarketWatch and Pinnacor, including various significant customers and content providers, may delay or cancel business arrangements, or seek to modify existing relationships, as a result of concerns over the merger or to extract negotiation leverage.

The announcement, pendency and closing of the merger could cause potential customers of MarketWatch and Pinnacor to delay or cancel contracts for products and services as a result of concerns over the merger. In particular, prospective customers could be reluctant to purchase the combined company s products and services due to uncertainty about the direction of the combined company s products and services or the combined company s willingness to support and service existing products. Moreover, existing customers may seek to modify their relationship with MarketWatch and Pinnacor to extract leverage in connection with current or anticipated contract negotiations. Similarly, existing content providers of each of MarketWatch and Pinnacor

Table of Contents

Index to Financial Statements

may seek to modify the terms of their vendor arrangements to extract leverage in connection with current or anticipated contract negotiations. A delay or cancellation of purchases of products and services by potential customers or modification of current arrangements by existing customers, as well as termination or modification of existing vendor relationships, could have an adverse effect on the business, results of operations or financial condition of the combined company.

The combined company s operating results may suffer as a result of purchase accounting treatment, the impact of goodwill and other intangibles relating to the merger.

Under U.S. generally accepted accounting principles, the combined company will account for the merger using the purchase method of accounting. Under purchase accounting, the combined company will record the cash consideration, the market value of its common stock issued in connection with the merger, the fair value of the options and warrants to purchase MarketWatch common stock and Pinnacor common stock that will become options and warrants to purchase Holdco common stock and the amount of direct transaction costs as the cost associated with the merger. The combined company will allocate the total estimated purchase price to net tangible assets, amortizable intangible assets, intangible assets with indefinite lives and in-process research and development, based on their fair values as of the date of the completion of the merger and the excess of the purchase price over those fair values as goodwill. The portion of the estimated purchase price allocated to in-process research and development, currently anticipated to be approximately $300,000, will be expensed by the combined company in the quarter in which the merger is completed. The combined company will incur additional depreciation and amortization expense over the useful lives of certain of the net tangible and intangible assets acquired in connection with the merger. In addition, to the extent the value of goodwill or intangible assets with indefinite lives become impaired, the combined company may be required to incur material charges relating to the impairment of those assets. As a result, the combined company s results of operations or stock price may be materially harmed due to depreciation, amortization, in-process research and development and potential impairment charges that may be recorded in future periods.

Directors and executive officers of MarketWatch have potential interests in the merger that differ from, or are in addition to, those of the stockholders of MarketWatch.

A number of directors and executive officers of MarketWatch who support and approve the adoption of the merger agreement have employment, compensation and other benefit arrangements that provide them with interests in the merger that differ from, or are in addition to, your interests. Lawrence S. Kramer, Chairman and Chief Executive Officer of MarketWatch, is currently Chairman and Chief Executive Officer of Holdco. Kathleen Yates, President and Chief Operating Officer of MarketWatch, will serve as President and Chief Operating Officer of the combined company, Joan P. Platt, Chief Financial Officer of MarketWatch, will serve as Chief Financial Officer of the combined company, and the other executive officers of MarketWatch will serve as the executive officers of the combined company. In addition, the current directors of MarketWatch are the directors of Holdco. Although the compensation structure for executive officers and directors of the combined company has not been determined, MarketWatch s executive officers and directors who will continue as executive officers and directors of the combined company will receive compensation substantially comparable to that which they currently receive from MarketWatch.

The continuation of directorships and management positions with the combined company may influence the directors and executive officers of MarketWatch to support the adoption of the merger agreement. As a result, these directors and officers may be more likely to support the merger than if they did not have these interests. The stockholders of MarketWatch should consider whether these interests may have influenced these directors and officers to support or recommend the merger.

Table of Contents

Index to Financial Statements

Directors and executive officers of Pinnacor have potential interests in the merger that differ from, or are in addition to, those of the stockholders of Pinnacor.

A number of directors and executive officers of Pinnacor who support and approve the adoption of the merger agreement have compensation, severance and other benefit arrangements that provide them with interests in the merger that differ from, or are in addition to, your interests. Pinnacor will nominate two members to the board of directors of the combined company. Current directors and officers of Pinnacor who will not become directors and officers of the combined company will have indemnification arrangements with the combined company such that they will be entitled to continued indemnification and insurance coverage after the merger for acts or omissions in their capacities as directors and officers of Pinnacor occurring prior to the Pinnacor merger and asserted within five years after the completion of the Pinnacor merger.

Certain executive officers of Pinnacor are entitled to receive severance payments in the event that their employment is terminated by Pinnacor (or the combined company after the merger) without cause or by the executive officer for good reason. While the consummation of the merger will not by itself constitute a good reason, the severance payments would be triggered if the executive officer is terminated as a result of the merger if such executive officer is terminated without cause. Assuming that the termination of each of their employment is effective as of December 1, 2003, Mr. Loevner s potential severance payment equals $490,000, David Obstler s potential severance payment equals $402,344 and William Staib s potential severance payment equals $107,500, each pursuant to employment agreements that existed prior to the execution of the merger agreement. Also, Mr. Loevner is entitled to a bonus in the amount of $300,000 upon the completion of the merger and the termination or constructive termination of his employment and Mr. Obstler is entitled to a bonus in the amount of $150,000 upon the completion of the merger and an additional bonus in the amount of $150,000 upon his termination or constructive termination after the completion of the merger. In addition, the Pinnacor restricted common stock held by Messrs. Loevner and Obstler will become fully vested and all restrictions with respect to such restricted stock will lapse upon the completion of the merger.

Moreover, all outstanding options to purchase Pinnacor common stock, including those held by Pinnacor directors and executive officers, will become fully vested and exercisable in connection with the merger. As of November 19, 2003, Kevin Clark holds options to purchase 1,674,836 shares, Mr. Loevner holds options to purchase 2,171,260 shares, Mr. Obstler holds options to purchase 1,114,778 shares, Kevin O Connor holds options to purchase 70,000 shares, John Sculley holds options to purchase 100,000 shares, James Davis holds options to purchase 100,000 shares, and Mr. Staib holds options to purchase 509,387 shares, of Pinnacor common stock. Of these options to purchase an aggregate of 5,740,261 shares of Pinnacor common stock, options to purchase 2,638,071 shares of Pinnacor common stock are not currently vested.

The possible continuation of directorships with the combined company, the receipt of severance or other benefits, the accelerated vesting of options and restricted stock and the entitlement to indemnification and insurance coverage may influence the directors and executive officers of Pinnacor to support the adoption of the merger agreement. As a result, these directors and officers may be more likely to support the merger than if they did not have these interests. The stockholders of Pinnacor should consider whether these interests may have influenced these directors and officers to support or recommend the merger.

Pinnacor, Pinnacor s current directors, a Pinnacor officer and MarketWatch are involved in a securities class action litigation in connection with the Pinnacor merger that may have a negative impact on the timing, or successful completion, of the merger.

On July 24, 2003, a shareholder class action lawsuit was filed against Pinnacor, Pinnacor s current directors, a Pinnacor officer and MarketWatch in the Delaware Court of Chancery. The plaintiffs filed an amended complaint on September 17, 2003, which named Holdco, Pine Merger Sub and Maple Merger Sub as defendants to the action. The lawsuit purports to be a class action filed on behalf of holders of Pinnacor s common stock who allegedly are or will be threatened with injury arising from actions by the defendants in connection with the

Table of Contents

Index to Financial Statements

merger. The lawsuit alleges that Pinnacor s directors breached their fiduciary duties in proceeding with the merger by agreeing to a proposed purchase price that fails to adequately compensate Pinnacor stockholders for the loss of control of the company. The lawsuit alleges that MarketWatch knowingly aided and abetted these breaches of fiduciary duty in some unspecified way. The lawsuit also alleges that the Registration Statement on Form S-4, which includes this joint proxy statement-prospectus, contains material misrepresentations and omissions which render it defective. The lawsuit seeks an unspecified amount of damages and also an injunction against the consummation of the proposed merger. The plaintiff has moved for expedited discovery and have requested the production of documents from Pinnacor and MarketWatch. Pinnacor and MarketWatch have begun producing documents responsive to the plaintiff s request. The defense of this litigation may increase the expenses of MarketWatch and Pinnacor in consummating the proposed merger, and may divert the attention and resources of the integration team. An adverse outcome in this litigation could delay, or eliminate the possibility of, a successful completion of the merger, or if the merger were permitted to proceed, seriously harm the business, results of operations and cash flows of the combined company. In addition, the combined company may be the target of other securities class action or similar litigation in the future.

Risks Relating to the Combined Company

The following risk factors assume that the merger is successfully completed and describe the risks of the ongoing operations relating to the combined company.

The combined company will have a limited operating history and may not be able to implement its growth strategy.

MarketWatch was formed in 1997 and Pinnacor was formed in 1993. Both MarketWatch and Pinnacor have limited operating histories and, to date, neither has achieved profitability on an annual basis. For the nine months ended September 30, 2003, MarketWatch incurred operating losses of approximately $258,000, and Pinnacor incurred operating losses of approximately $1,616,000. As a consequence, the combined company, being an integration of these two businesses, will be subject to the risks and uncertainties frequently encountered by early stage companies that operate primarily in the new and rapidly evolving markets for Internet products and services. In order to successfully achieve its growth strategy, the combined company must diversify its revenue stream by penetrating new market segments, including financial services firms and institutional users, as well as increase its advertising and licensing revenues. Also, the combined company must develop competitive content, products and services or acquire them to attract new customers.

However, the growth of the combined company will be affected by factors outside its control, including the introduction of new content, products and services by competitors and the increased use of the Web, particularly as an effective advertising medium. Also, circumstances relating to the combined company s existing and potential customers may also affect the growth of its business, including the consolidation of customers or potential customers in market segments within which the combined company will predominately operate, potentially reducing customers and revenues, and a freeze or reduction in spending by customers or potential customers.

The combined company s future growth may not be as successful as currently anticipated by MarketWatch and Pinnacor, and lower than anticipated growth will likely materially and adversely affect the stock price of the common stock of the combined company.

Quarterly operating results of the combined company may fluctuate due to a number of factors.

Because of the limited operating histories of MarketWatch and Pinnacor and the uncertain nature of the rapidly changing markets they serve, the prediction of future results of operations is very difficult. In addition, period-to-period comparisons of operating results are not likely to be meaningful because operating results of the

Table of Contents

Index to Financial Statements

combined company may fluctuate significantly as a result of a variety of factors, many of which are outside its control. These factors include:

- the amount and timing of capital expenditures and other costs relating to the expansion of the combined company s operations, acquisitions or restructuring activities;
- fluctuating and unpredictable demand for advertising on the combined company s Web sites, and licensing of the combined company s news, tools and applications, due to increased competition;
- the combined company s ability to enter into, or renew on favorable terms, its advertising, licensing, vendor and marketing and distribution agreements, and the timing of such agreements;
- seasonal fluctuations of advertising revenue as advertisers spend less in the first and third calendar quarters and user traffic on MarketWatch s online media properties have historically been lower during the summer and during year-end vacation and holiday periods; and
- the amount and timing of the combined company s costs associated with its product and service development, and sales and marketing, efforts.

We expect the combined company s revenues will come from a mix of advertising, content licensing, broadcasting and subscription service fees. The combined company s operating expenses will be based on the then current expectations of the combined company s future revenues and may be relatively fixed in the short term. If the combined company generates less revenue than expected, management may not be able to quickly reduce the combined company s spending in response. The combined company also may, from time to time, make certain pricing, service or marketing decisions that adversely affect its revenues in a given quarterly or annual period. Any shortfall in the combined company s revenues would have a direct impact on its operating results for a particular quarter and these fluctuations could affect the market price of its common stock in a manner unrelated to its long-term operating performance.

The combined company will depend on advertising revenues to grow its business and attain profitability, and if advertising revenues were to decline, its results of operations and business would be harmed.

Revenues from advertising will be important to the combined company s business. Over the last two years, there has been a significant softening in demand for advertising services due to decreased spending on Web advertising by companies and general uncertainty about the economy. In addition, threats of conflict or military action involving the United States may further disrupt business, curb spending by companies or otherwise slow down economic recovery. Failure of the Web advertising market to recover would harm the combined company s business.

A portion of the combined company s online advertising revenue will come from financial services companies that may be adversely affected by market downturns, which would result in these companies spending less for online advertising. If the combined company does not diversify its advertiser base and continue to attract advertisers from other industries, its business could be adversely affected. Moreover, diversification of its advertising base may require the combined company to adapt to different requirements and expectations that new advertisers may have with respect to advertising programs which could result in the combined company experiencing significant marketing, sales, development and other expenses which may depress the combined company s earnings.

In addition, sales of advertisements by the combined company will likely occur under short-term contracts, which are difficult to forecast accurately. Advertisers generally will have the right to cancel an advertising campaign on short notice without penalty. However, a portion of the combined company s expense levels will be fixed over the short term. The combined company may not be able to adjust spending quickly enough to compensate for any unexpected revenue shortfall. Accordingly, the cancellation or deferral of advertising agreements could have a material adverse effect on the financial results of the combined company.

Table of Contents

Index to Financial Statements

The growth of the combined company s advertising business will depend on the acceptance of the Web as an effective advertising medium.

Generally, the combined company will compete with traditional advertising media, such as print, radio and television, for a share of advertisers total advertising budgets. The combined company s advertising business would fail to expand or its advertising revenue would decrease if the Web were not perceived as an effective advertising medium. Also, advertisers that have traditionally relied upon other advertising media may be reluctant to advertise on the Web, especially given the general uncertainty in the economy. Advertisers that already have invested substantial resources in other advertising methods may be reluctant to adopt a new advertising strategy and may find it more difficult to measure the effectiveness of Web advertising. In addition, the combined company s advertising revenues could be adversely affected if it were unable to adapt to new forms of Web advertising or if filter software programs that limit or prevent advertising from being delivered to a Web user s computer are widely adopted and limit the commercial viability of Web advertising. Therefore, advertising revenues would be adversely affected if the combined company s Web sites are not perceived to offer desirable opportunities for online advertising.

The combined company will depend on licensing revenues to grow its business and attain profitability, and if licensing revenues were to decline, its business could be harmed.

Revenues from the licensing of its content, applications and tools to customers will be important to the combined company s business. Licensing revenues depend on new customer contracts and customer contract renewals, and could decrease if the combined company does not generate new licensing business or existing customers renew for lesser amounts, terminate early or forego renewal. The ability to retain existing customers and attract new customers will depend on the combined company s ability to develop new products and services and market acceptance of such products and services, neither of which may occur. Furthermore, the combined company will derive a significant percentage of its licensing revenue from specific market segments such as brokerages, financial services companies, banks and asset management providers. Consolidation in these market segments could cause the combined company to have a reduced number of existing and potential customers. If the combined company does not diversify its client base and continue to attract customers from other industries, its business could be adversely affected.

The combined company is in a highly competitive industry and some of its competitors may be more successful in attracting and retaining customers.

The market for Internet services and products is relatively new, intensely competitive and rapidly changing. The number of Web sites on the Internet competing for consumers attention and spending has proliferated and we expect that competition will continue to intensify. The combined company will compete, directly and indirectly, for advertisers, viewers, members, licensing customers and content providers with the following categories of companies:

- publishers and distributors of traditional off-line media, such as television, radio and print, including those targeted to business, finance and investing needs, many of which have established or may establish Web sites, such as The Wall Street Journal and CNN;

- general purpose consumer online services such as AOL and MSN, each of which provides access to financial and business-related content and services;

- Web sites targeted to business, finance and investing needs, such as TheStreet.com and the Motley Fool;

Web search and retrieval and other online services, such as Google, Yahoo!, Lycos and other high-traffic Web sites, which offer quotes, financial news and other programming and links to other business and finance-related Web sites;

data companies that provide value-added tools, including charts, portfolios and stock screeners, such as Reuters and Thomson Financial Corporation;

Table of Contents

Index to Financial Statements

- providers of standardized and customized investment research tools, such as SmartMoney;
- publishers of financial news for an institutional audience, such as Reuters and Dow Jones;
- application service providers and information aggregators, such as Edgar Online, who aggregate information and either host private-label applications that use such data or deliver such data in the form of feeds to customers;
- financial software vendors, that have already, or may in the future, develop extensions to their software capabilities to be able to manage external information as efficiently as internal information; and
- in-house development staffs of customers who develop technology solutions, often in conjunction with consulting and systems integration firms.

We anticipate that the number of direct and indirect competitors will increase in the future. Many of the combined company s existing competitors, as well as a number of potential new competitors, have longer operating histories in the Web market, greater name and brand recognition, a larger customer base, higher amounts of user traffic and significantly greater financial, technical and marketing resources. Such competitors may be able to undertake more extensive marketing campaigns, adopt more aggressive pricing policies, make more attractive offers to potential employees, marketing and distribution partners, advertisers and content providers and may be able to respond more quickly to new or emerging technologies and changes in Web user requirements. Further, we cannot assure you that the combined company s competitors will not develop products and services that are equal or superior to, or that achieve greater market acceptance than, the combined company s offerings. Increased competition could also result in price reductions for the combined company s advertising or licensed content and tools, reduced margins, operating losses or loss of market share, any of which would materially adversely affect the combined company s business, results of operations and financial condition.

The combined company will depend on CBS for a number of services and other rights, and its business would be materially adversely affected if CBS were to terminate its strategic relationship with the combined company.

MarketWatch s license agreement with CBS will be assigned to the combined company effective upon the completion of merger. As a result, the combined company will have the right to use the CBS name and logo, as well as CBS Television Network news content in connection with the operation of the CBS.MarketWatch.com Web site. This license agreement will expire on October 29, 2005 and CBS has no obligation to renew it. Also, under specific circumstances, CBS may terminate the license agreement earlier. If the combined company were not able to renew its license agreement with CBS or if CBS were to terminate the license agreement earlier than October 29, 2005, the combined company would need to change the name of the CBS.MarketWatch.com Web site and devote substantial resources toward building a new brand name for the Web site. Regardless of such expenditures, the combined company may not be able to continue to attract a sufficient amount of user traffic and advertisers to its Web sites without the CBS name and logo or promotion from CBS.

Furthermore, the combined company will be subject to a number of restrictions in consideration for the license grant and the provision of news content from CBS. For example, CBS can require the combined company to remove any content on its Web sites that CBS determines conflicts with, interferes with or is detrimental to its reputation or business or that CBS deems inappropriate. The combined company would also be required to conform to CBS s guidelines for the use of its trademarks. CBS has the right to approve all materials, such as marketing materials, that include any CBS trademarks. CBS will also have control over the visual and editorial presentation of television news content provided by CBS on the combined company s Web sites. Because of these restrictions, the combined company may be limited in performing its desired marketing and branding activities using the CBS trademark, and if it fails to comply with CBS s restrictions, CBS may terminate the license agreement.

[Table of Contents](#)

[Index to Financial Statements](#)

The combined company will depend on Pearson for a number of services and other rights, and its business would be materially adversely affected if Pearson were to terminate its strategic relationship with the combined company.

MarketWatch s service agreement with Pearson will be assigned to the combined company effective upon the merger. As a result, the combined company will receive real-time financial data for dissemination to licensing clients and subscribers from Pearson. If Pearson were to suspend delivery of delayed financial data or if it were to fail to provide such financial data satisfactorily, the combined company would be required to perform these services internally or obtain these services from another provider. The combined company may not be able to replace these services on cost effective or commercially reasonable terms or, if the combined company were to choose to perform these services internally, it may not be able to perform them adequately. This obligation expires on October 29, 2005 or, at such earlier time (i) as the services agreement is terminated; (ii) upon the occurrence of a change of control of Pearson, as defined in the stockholders agreement; or (iii) at such time as Pearson shall hold less than 10% of the combined company s then-outstanding voting securities.

The interests of CBS and Pearson could conflict with the interests of the other stockholders of the combined company and, given their substantial stock ownership, the combined company may not be able to resolve any future conflict with either of them on terms in its favor.

Upon the completion of the merger, CBS and Pearson in the aggregate will own approximately 48% of Holdco s outstanding common stock. CBS and Pearson may experience conflicts of interest in their business dealings with the combined company with respect to decisions involving business opportunities and other similar matters. For example:

- CBS could license its name and logo to other Web sites or Internet services that deliver general news, sports and entertainment. These sites or services could also offer financial news, so long as delivering comprehensive stock quotes and financial news to consumers in the English language is not their primary function and their principal theme and format;

- Pearson could also establish an advertising-supported Web site;

- CBS or Pearson could license their respective content to other Web sites or Internet services; or

- CBS or Pearson could make certain investments in other Web sites or Internet services.

The occurrence of any of the above actions could adversely affect the combined company s business. For example, these sites or services supported by CBS or Pearson could compete with the combined company, or CBS and Pearson might promote these other sites or services more actively than they promote the combined company s Web sites and services.

If the combined company fails to effectively combine the sales and marketing forces of MarketWatch and Pinnacor, its sales could suffer.

The combined company may experience disruption in sales and marketing activities in connection with its efforts to integrate the sales forces and sales channels of MarketWatch and Pinnacor, and it may be unable to effectively correct such disruptions or achieve its sales and marketing objectives after integration. As a result, the combined company may fail to take full advantage of the combined sales forces. The combined company also may not succeed in hiring, retaining, integrating and motivating its sales force. In addition, sales cycles and sales models for the various services and products of MarketWatch and Pinnacor may vary from service to service and product to product. The combined company s sales personnel that are not accustomed to the different sales cycles and approaches of MarketWatch and Pinnacor required for the promotion of specific services or products may experience delays and difficulties in selling these newly integrated services and products. The respective sales approaches of MarketWatch and Pinnacor may be ineffective in promoting the other entity s services or products. The occurrence of any of the above events may materially harm the combined company s business, financial condition or operating results.

Table of Contents

Index to Financial Statements

The merger may disrupt certain of Pinnacor s information licensing relationships.

MarketWatch creates proprietary content such as business news reports that could be viewed as competitive with the content generated by certain companies with which Pinnacor currently has information licensing relationships. Furthermore, as with MarketWatch, the combined company will operate using the CBS brand and will be approximately 48% owned by Pearson and CBS, who also create content that competes with certain of Pinnacor s current information licensing providers. Prior to the merger, Pinnacor had no affiliations other than non-exclusive licensing relationships with its content-generating companies, and could therefore claim to be content-neutral when negotiating information licensing agreements. Therefore, certain of Pinnacor s license providers who object to licensing information to another content provider or a company affiliated with CBS or Pearson, might alter or terminate their relationship with the combined company.

The combined company must develop and maintain a brand identity for its products and services in order to attract and expand its user, advertiser and customer base.

We believe that establishing and maintaining the current brands of MarketWatch are critical aspects of our efforts to attract and expand the combined company s user, advertiser and customer base. We also believe that the importance of brand recognition will increase due to the growing number of Internet sites and the relatively low barriers to entry. Promotion and enhancement of the current brands of MarketWatch will depend largely on the combined company s success in providing high-quality products and services. In order to attract and retain Internet users and to promote and maintain the MarketWatch brands, the combined company may find it necessary to increase expenditures devoted to creating and maintaining brand loyalty. In addition, in the event of any breach or alleged breach of security or privacy involving its services, or if any third party undertakes illegal or harmful actions utilizing its membership, communications or commerce services, the combined company could suffer substantial adverse publicity and impairment of its brands or reputation. If any of these events occur, the combined company s business, operating results or financial condition could be materially and adversely affected.

Protecting the combined company s intellectual property rights will be costly and difficult.

The combined company will rely primarily on a combination of copyrights, trademarks, trade secret laws, its user policy and content license and user agreement restrictions on disclosure and use to protect its intellectual property, such as its content, copyrights, trademarks and trade secrets. The combined company will also enter into confidentiality agreements with new employees and consultants, and seek to control access to and distribution of its other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain, misappropriate, infringe or use the content on the combined company s Web sites or its other intellectual property without authorization. A failure to protect the combined company s intellectual property could seriously harm its business, operating results or financial condition. In addition, the combined company may need to engage in litigation in order to enforce its intellectual property rights in the future or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs or diversion of management and other resources, either of which could have an adverse effect on the combined company s business, operating results or financial condition.

If the combined company cannot continue to develop and market new and enhanced products and services that achieve market acceptance in a timely manner, its revenues may suffer.

We believe that the combined company s Web sites will be more attractive to advertisers if we develop a larger audience comprised of demographically favorable users, which substantially depends on the introduction of additional or enhanced products and services. Similarly, the combined company would attract additional licensing customers from more diverse market segments if it has premium content complemented by an assortment of financial applications and tools. If the products and services the combined company introduces in the future are not favorably received, the combined company may not succeed in retaining current users to access its Web sites and licensing customers to use its products and services, or attract new users and licensing

Table of Contents

Index to Financial Statements

customers, either of which would make the combined company less attractive to advertisers and customers and reduce its advertising and licensing revenues. In addition, the combined company may seek to license additional technology or content in order to enhance its current features or to introduce new services. However, any such licenses may not be available on commercially reasonable terms, if at all. The loss of or inability to obtain or maintain any of these technology or content licenses could result in delays in the introduction of new services until equivalent technology or content, if available, is identified, licensed and integrated. If the combined company s new products and services do not achieve sufficient market acceptance and generate anticipated revenues, the combined company may not be able to recoup the costs of developing, marketing and maintaining such products and services.

If the combined company fails to keep pace with rapid technological change, changing customer demands and evolving industry standards, it will not be able to compete.

The combined company s market is characterized by rapidly changing technology, evolving industry standards and frequent new product announcements, which are exacerbated by the growth of the Web and the intense competition in its industry. The process of developing new products and services related to the combined company s business is complex and uncertain, and failure to anticipate the changing needs of its users and customers and emerging technological and market trends could significantly harm the combined company s results of operations. In order to successfully adapt to its rapidly changing market, the combined company must continually improve the performance, features and reliability of its products and services. The combined company could incur substantial costs improving its products, services or infrastructure in order to adapt to these changes and compete within its industry. The combined company s business could be adversely affected if it were to incur significant costs without adequate results or if it were unable to successfully adapt to these changes.

Undetected errors or failures found in new products and services may result in loss of or delay in market acceptance of the combined company s products and services, which could seriously harm its business.

The combined company s products may contain undetected software errors or failures when first introduced or as new versions are released. Despite testing by the combined company and by its customers, errors may not be found in new products until after delivery to its customers. Similarly, the combined company may experience difficulties that could delay or prevent it from introducing new services. These new services may contain errors that are discovered only after the services are introduced. The combined company may need to significantly modify the design of the products or implementation of the services to correct these errors. The combined company s business could be adversely affected if undetected errors cause its user and customer base to reject the new products and services.

If the combined company does not effectively manage the transition from existing products and services to new products and services, its revenues may suffer.

If the combined company does not make an effective transition from existing products and services to new products and services, its revenues may be seriously affected. Transition from current products and services to new products and services can be difficult due to delays in product and service development, variations in product and service costs, delays in customer purchases of existing products or services in anticipation of new product or service introductions and customer demand for the new products and services. The combined company s revenues and gross margins also may suffer due to the timing of product or service introductions by its competitors, particularly when a product has a short life cycle or a competitor introduces a new product just before the combined company s own product introduction. Furthermore, sales of the combined company s new products and services may replace sales of some of the current products and services of MarketWatch and Pinnacor, offsetting the benefit of even a successful product or service introduction. If the combined company were to experience delays in new product or service introductions, or inaccurately estimate the market effects of new product or services introductions by its competitors, future demand for its products and services and its revenues may be seriously affected.

Table of Contents

Index to Financial Statements

If the combined company does not effectively manage the integration of technology platforms, there could be disruptions in customer service which could seriously harm its business.

The combined company must integrate the two different technology platforms upon which MarketWatch and Pinnacor currently conduct their business. This integration must occur while the combined company continues to provide products and services to its customers. Any difficulties that may arise in the execution of this integration could result in delays and problems relating to the combined company s products and services, thereby damaging its reputation for reliability, and its efforts to retain existing customers or acquire new customers.

The combined company will depend on key personnel who may not continue to work for the company.

We believe that the combined company s future success will depend in part on its continued ability to attract, integrate, retain and motivate highly qualified sales, technical, editorial and managerial personnel, and on the continued service of its senior management. Although the combined company will have employment agreements with some of its key executives, none of them will be bound by an employment agreement that prevents them from terminating their employment with the combined company, at any time, for any reason. At times, each of MarketWatch and Pinnacor has experienced difficulties in attracting and retaining new personnel. Furthermore, in connection with the Pinnacor merger, options to purchase Pinnacor common stock currently held by Pinnacor employees will become fully vested and exercisable, which may adversely affect the combined company s ability to retain such employees following the merger. If the combined company cannot successfully attract, integrate, retain and motivate a sufficient number of qualified personnel, it may harm the combined company s ability to successfully conduct its business in the future.

As a result of the merger, the combined company will be a larger and broader organization, and if the combined company s executive team is unable to effectively manage the combined company, its operating results may suffer.

As a result of the merger, the combined company will be a much larger organization with more employees and greater geographical presence. The combined company will have an additional presence in New York, New York, which is Pinnacor s current headquarters, an additional sales office in San Francisco, California, and development offices in Coralville, Iowa and Jerusalem, Israel. The combined company s management team will face challenges inherent in efficiently managing an increased number of employees over larger geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs. The inability to manage successfully the geographically more diverse and substantially larger combined organization, or any significant delay in implementing appropriate systems, policies, benefits and compliance programs for the combined company, could have a material adverse effect on the combined company after the merger and, as a result, on the market price of its common stock.

The combined company may be subject to intellectual property infringement claims relating to third party technology which would be costly to defend and may limit its ability to use certain technologies in the future.

The combined company will license certain technology, data and content from third parties. In these license agreements, the licensors will generally agree to defend, indemnify and hold the combined company harmless from any claim by a third party that the licensed technology or content infringes any third party s intellectual property rights. However, we cannot assure you that the outcome of any litigation between such licensors and a third party or between the combined company and a third party will not lead to royalty obligations for which the combined company is not indemnified or for which such indemnification is insufficient or unavailable from the licensors or that the combined company will be able to obtain any additional license on commercially reasonable terms, if at all. In addition, in connection with the merger, the combined company will acquire some third-party intellectual property rights licensed to either MarketWatch or Pinnacor prior to the merger. As a result, such third parties may impose additional restrictions on the business of the combined company that had not been imposed on the business of either MarketWatch or Pinnacor prior to the merger.

Table of Contents

Index to Financial Statements

The combined company s content license arrangements may subject it to intellectual property infringement and indemnification claims which would be costly to defend.

In the combined company s content license agreements, it will generally agree to defend, indemnify and hold its licensees harmless from any claim by a third party that the licensed content infringes any third party s intellectual property rights. Infringement or other claims may be asserted or prosecuted against the combined company and/or its clients in the future whether resulting from its internally developed intellectual property or technology or content licensed from third parties. Any future assertions or prosecutions could materially adversely affect the combined company s business, results of operations or financial condition. Any such claims, whether they are with or without merit, could be time-consuming, result in costly litigation and divert the attention of technical personnel and management or require the combined company to introduce new content, technology or trademarks, develop non-infringing technology or content or enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on acceptable terms, if at all. In the event of a successful claim of infringement against the combined company and its failure or inability to introduce new technology or content, develop non-infringing technology or content or license the infringed or similar technology or content on a timely basis, the combined company s business, results of operations or financial condition could be materially adversely affected.

The combined company may have difficulty scaling and adapting its existing Web site architecture to accommodate increased traffic and technology advances.

The combined company s business will rely on its ability to serve Web pages in a consistent and timely manner. In the past, MarketWatch s Web sites have experienced significant increases in traffic when there were significant business or financial news stories. In addition, the combined company will seek to further increase its user base. If the traffic on the combined company s Web sites grows at a rate that its communication lines cannot support, the combined company s Web pages will be served at a slower rate or they may not be served at all.

The combined company will also rely on third-party providers for all of its bandwidth capacity. If these providers are unable to maintain their service level agreements or if the combined company is unable to obtain additional bandwidth as its traffic grows, its business would be adversely affected. The combined company may in the future experience downtime and other problems due to server problems or capacity limitations.

The successful operation of the combined company s business depends upon the supply of critical elements from other companies and any interruption in that supply could cause service interruptions or reduce the quality of its product and services offerings.

The combined company will depend on multiple information providers, such as Comtex, FT Interactive Data, Dow Jones, Reuters and Thomson Financial Corporation, to provide information and data feeds on a timely basis. The combined company s Web sites could experience disruptions or interruptions in service due to the failure or delay in the transmission or receipt of this information by its information providers which would be beyond the combined company s control. In addition, the combined company s customers will depend on Internet service providers, online service providers and other Web site operators for access to the combined company s Web sites. Each of MarketWatch and Pinnacor has experienced outages in the past, and the combined company could experience outages, delays and other difficulties due to system failures unrelated to its systems in the future. Many of these occurrences could diminish the user s experience or even result in users perceiving the combined company s Web sites as not functioning properly and therefore result in the loss of customers to other Web sites or sources to obtain their business, financial and other news and information.

Unauthorized break-ins and other disruptions to the combined company s Web sites could harm its business.

The combined company s servers may be vulnerable to computer viruses, physical or electronic break-ins or similar disruptions, which could lead to interruptions, delays or loss of data. A number of popular Web sites have

Table of Contents

Index to Financial Statements

experienced attacks from hackers and other intrusions. Any disruption resulting from these actions may harm the combined company s business, may be very expensive to remedy, may not be fully covered by the combined company s insurance policies, could damage the combined company s reputation, and could discourage new and existing users from using the combined company s Web sites. The combined company may also incur significant costs to protect its Web sites against the threat of security breaches. The combined company will also provide indemnification to some of its licensing customers for unauthorized access to and use of customer data as a result of break-ins or other unauthorized access. The combined company s defense of any action brought against it based upon improper access to confidential customer data or indemnification of the combined company s licensing customers for similar claims brought against them could be costly and involve significant distraction of the combined company s management and other resources. Also, the combined company s operations will depend upon its ability to protect systems against damage from fire, earthquakes, power loss, telecommunications failure and other events beyond its control. Although the combined company expects to carry insurance policies for any such disruptions and its indemnification arrangements with licensing customers, these policies may not adequately compensate it for any losses that may occur due to any failures or interruptions in its systems.

Web security concerns could hinder Internet commerce.

The need to securely transmit confidential information over the Internet has been a significant barrier to electronic commerce and communications over the Web. Any well-publicized compromise of security could deter people from using the Web or from using it to conduct commercial transactions that involve the transmission of confidential information, such as stock trades or purchases of goods or services. Because many of the combined company s advertisers seek to encourage people to use the Web to conduct financial transactions or purchase goods or services, the combined company s business could be adversely affected if Internet commerce declines due to security concerns.

The combined company could face liability related to its storage of personal information about its users.

The combined company will have a privacy policy that will require it not to willfully disclose any individually identifiable information about any user to a third party without the user s consent. Despite this policy, however, if third persons were able to penetrate the combined company s network security or otherwise misappropriate its users personal information or credit card information, the combined company could be subject to liability, including claims for unauthorized purchases with credit card information, impersonation or other similar fraud claims and misuses of personal information, such as for unauthorized marketing purposes. New privacy legislation may further increase this type of liability. California, for example, recently passed a privacy law that would apply to a security breach that affects unencrypted, computerized personal information of a California resident. Furthermore, the combined company could incur additional expenses if additional regulations regarding the use of personal information were introduced or if federal or state agencies were to investigate the combined company s privacy practices.

The combined company could face liability for the information displayed on its Web sites or distributed to its customers.

The combined company may be subject to claims for libel, slander, defamation, negligence, copyright or trademark infringement or claims based on other theories of legal liability relating to the information it publishes on its Web sites or licenses to its customers. These types of claims have been brought, sometimes successfully, against online services as well as other print publications in the past. The combined company could also be subject to claims based upon the content that is accessible from its Web sites through links to other Web sites. Moreover, because the combined company will license some data and content from third parties, it may have further exposure to these types of claims. Although the combined company generally will obtain representations as to the origin and ownership of content licensed from third parties and generally will obtain indemnification from these third parties to cover a breach of any such representation, the combined company may not receive representations or indemnification that are sufficient to cover all liability relating to the third-party content.

43

Table of Contents

Index to Financial Statements

Moreover, the indemnification provided by these parties may be insufficient to provide adequate compensation for any breach of such representations. The combined company s defense of any action brought against it based upon the content that is accessible from its Web sites could be costly and involve significant distraction of its management s time and other resources. Although the combined company will carry general liability insurance, its insurance may not cover claims of these types or may be inadequate to indemnify it for all liability that may be imposed on it.

If the combined company distributes information to unauthorized recipients, it may have to pay damages to its information providers.

The combined company s proprietary software technologies will enable it to deliver information it receives from participating information providers only to customers who have been authorized to access that information. However, the combined company may inadvertently distribute information to a customer who is not authorized to receive it. In addition, the combined company could be exposed to liability arising from the activities of its customers or its customers users relating to the unauthorized duplication of, or insertion of inappropriate material into, the information the combined company supplies to its customers which in turn is supplied to its customers users. Any of these occurrences could subject the combined company to a claim for damages from the information provider or harm the combined company s reputation in the marketplace.

Changes in current advertising pricing models could seriously harm the operating results of the combined company.

No standard has been widely accepted to measure the effectiveness of Web advertising so different pricing models are used to sell advertising on the Web. It is difficult to predict which, if any, will emerge as the industry standard. This makes it difficult to project the combined company s future advertising rates and revenues. For example, advertising rates based on the number of click throughs, or user requests for additional information made by clicking on the advertisement, instead of rates based solely on the number of impressions, or times an advertisement is displayed, could adversely affect the combined company s revenues.

The combined company may be susceptible to third-party software programs that serve pop-up advertisements on its Web sites.

Third-party software programs are increasingly used to deliver selected advertisements based on Web sites visited by a user. These advertisements usually are in the form of pop-up ads that are often based on the content the user is viewing at a particular time. Often this software is downloaded onto the user s computer without the user s knowledge, understanding or consent, as the software often comes bundled with other applications that the user downloads, such as file-sharing software or media players. The software can then track the user s Web surfing habits and display content, such as pop-up ads, that most users do not realize are not connected to the Web site they are then viewing. The pop-up ads may compete with the advertising, services and products that the combined company may sell on its Web sites, potentially infringe its copyrights, and could lead to confusion for its customers as the pop-up software deceives the user as to the origin of the advertisement. Also, the combined company s customers may blame it for defects in the services and products promoted by the pop-up ads or for fraud perpetrated against them in connection with such pop-up ads, either of which could damage the combined company s reputation or result in the incurrence of significant damages by the combined company. If the prevalence of such forms of software continue to increase and no restrictions are placed on their usage, the combined company s business may be harmed.

Acquisitions and strategic investments may result in increased expenses, difficulties in integrating target companies and diversion of management s attention.

The combined company anticipates that from time to time it may review one or more acquisitions or strategic investments or other opportunities to expand its range of technology, services and products and to gain

Table of Contents

Index to Financial Statements

access to new markets. Growth through acquisitions or strategic investments entails many risks, including the following:

- management s attention may be diverted during the acquisition and integration process;
- costs, delays and difficulties of integrating the acquired company s operations, technologies and personnel into its existing operations, organization and culture; and
- higher than expected expenses resulting from any undisclosed or potential legal liabilities of the acquired company, including intellectual property, employment, warranty, or product liability-related problems.

If realized, any of these risks could have a material adverse effect on the combined company s business, financial condition and operating results. Also, the issuance of new equity or debt securities to pay for acquisitions would dilute the holdings of existing stockholders.

The combined company will depend on the continued growth in use of the Web, particularly for financial news and information, as well as in the continued performance and reliability of the Web.

Because the combined company will depend in part on advertising revenue to achieve profitability, its business depends on businesses and consumers continuing to increase their use of the Web for obtaining news and financial information as well as for conducting commercial transactions. The combined company s advertising revenue and therefore its business would be adversely affected if Web usage, particularly for obtaining news and financial information and for conducting commercial transactions, does not continue to grow. Web usage may be inhibited for a number of reasons, such as inadequate network infrastructure, security concerns, inconsistent quality of service and availability of cost-effective, high-speed service.

In the event Web usage grows, the Internet infrastructure may not be able to support the demands placed on it by this growth or its performance and reliability may decline. Web sites have experienced interruptions in their service as a result of outages and other delays occurring throughout the Internet network infrastructure. If these outages or delays frequently occur in the future, Web usage in general and usage of the combined company s Web sites in particular, could grow more slowly or decline.

The combined company will depend upon the stability and success of the financial markets.

The target customers for some of the combined company s products include a range of financial services organizations, including investment advisors, brokerage firms and banks. The success of many of the combined company s customers is intrinsically linked to the financial markets. The combined company believes that demand for its products could be disproportionately affected by fluctuations, disruptions, instability or downturns in the financial markets that may cause customers or potential customers to exit the industry or delay, cancel or reduce any planned expenditures for the combined company s products. In addition, a slowdown in the formation of new financial services organizations could cause a decline in demand for the combined company s products. The combined company believes that a continuing economic downturn in the financial markets would negatively impact the demand for its products, which could have a materially adverse effect on its business and results of operations.

The combined company will depend on its strategic relationships with other Web sites.

The combined company will depend on establishing and maintaining distribution relationships with high-traffic Web sites for a portion of its traffic. There is intense competition for placements on these sites, and the combined company may not be able to enter into such relationships on commercially reasonable terms, if at all. Even if the combined company were to enter into distribution relationships with these Web sites, they themselves may not attract a significant number of users and therefore, the combined company s Web sites may not receive the desired user traffic from these relationships. Moreover, the combined company may have to pay significant fees to establish or maintain these types of relationships.

Table of Contents

Index to Financial Statements

Occasionally, the combined company may enter into agreements with advertisers, content providers or other high-traffic Web sites that require it to exclusively feature these parties in certain sections of its Web sites. Existing and future exclusivity arrangements may prevent the combined company from entering into other content agreements, advertising or sponsorship arrangements or other strategic relationships. Many companies that the combined company may pursue for a strategic relationship also offer competing services. As a result, these competitors may be reluctant to enter into strategic relationships with the combined company. The combined company s business could be adversely affected if it is unable to establish and maintain additional strategic relationships on commercially reasonable terms or if any of its strategic relationships do not result in increased use of its Web sites.

The combined company will depend on third-party software to track and measure the delivery of advertisements and it could be difficult to replace these services.

It will be important to the combined company s advertisers that it accurately measures the demographics of its user base and the delivery of advertisements on its Web sites. The combined company will depend on third parties to provide these measurement services. If third parties are unable to provide these services, the combined company would be required to perform them itself. This could cause the combined company to incur additional costs. Companies may not advertise on the combined company s Web sites or may pay less for advertising if they do not perceive the combined company s measurements of user base and delivery methods to be reliable.

Legal uncertainties and government regulation of the Internet could inhibit the growth of the Internet.

Many legal questions relating to the Internet remain unclear and these areas of uncertainty may be resolved in ways that damage the combined company s business. It may take years to determine whether and how existing laws governing matters such as intellectual property, privacy, libel and taxation apply to the Internet. In addition, new laws and regulations that apply directly to Internet communications, commerce and advertising are becoming more prevalent. For example, the U.S. Congress has passed Internet-related legislation concerning copyrights, taxation and the online privacy of children. As the use of the Internet grows, there may be calls for further regulation, such as more stringent consumer protection laws. Finally, the combined company s distribution arrangements and customer contracts could subject it to the laws of foreign jurisdictions in unpredictable ways.

These possibilities could affect the combined company adversely in a number of ways. New regulations could make the Internet less attractive to users, resulting in slower growth in its use and acceptance than is expected. The combined company may be affected indirectly by legislation that fundamentally alters the practicality or cost-effectiveness of utilizing the Internet, including the cost of transmitting over various forms of network architecture, such as telephone networks or cable systems, or the imposition of various forms of taxation on Internet-related activities. Complying with new regulations could result in additional cost to the combined company, which could reduce its profit margins or leave the combined company at risk of potentially costly legal action.

After the merger, directors, executive officers and several large stockholders of the combined company will beneficially own approximately 56.5% of Holdco s common stock, and their interests could conflict with yours.

Following the merger, Holdco s directors and executive officers, and three large stockholders, CBS, Pearson and General Atlantic Partners 69, L.P. and their affiliates, will beneficially own approximately 56.5% of Holdco s outstanding common stock. As a result of their ownership, the directors, executive officers and three large stockholders of Holdco collectively will be able to control all matters requiring stockholder approval, if acting together, including the election of directors, amendments to its charter documents and approval of significant corporate transactions. Such concentration of ownership may also have the effect of delaying or preventing a change in control of Holdco even if such a change of control may be beneficial to its stockholders. The interests of the directors, executive officers and significant stockholders of Holdco may differ from yours and they may not necessarily act in accordance with your interests.

Table of Contents

Index to Financial Statements

The effective tax rate of the combined company is uncertain.

The overall effective tax rate of the combined company is uncertain. Although the combined company will attempt to optimize its overall effective tax rate, it is currently impossible to predict the effective tax rate of the combined company accurately. The combination of the operations of MarketWatch and Pinnacor may result in an overall effective tax rate for the combined company that is higher than the currently reported tax rate of either MarketWatch or Pinnacor, and it is possible that the combined effective tax rate of MarketWatch and Pinnacor as a combined company may exceed the weighted average of the pre-merger tax rates of MarketWatch and Pinnacor.

Some anti-takeover provisions contained in Holdco s bylaws, as well as provisions of Delaware law, could limit a takeover attempt.

Pursuant to Holdco s bylaws, a special meeting of stockholders may be called only by the Chairman of the board of directors, a majority of the board of directors, the Chief Executive Officer or by any holder of at least 25% of the Holdco common stock. Also, nomination of directors at the annual meeting and the bringing of business before an annual or special meeting of stockholders require prior written notice and adherence to specific procedures.

As a Delaware corporation, Holdco is also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents some stockholders from engaging in certain business combinations without specified required approvals of either the board of directors of Holdco or its stockholders.

Any provision of Holdco s bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for Holdco stockholders (including former Pinnacor stockholders who become Holdco stockholders upon the completion of the merger) to receive a premium for their shares of Holdco common stock, and could have a continuing negative impact on the price that some investors are willing to pay for Holdco common stock.

New laws and regulations affecting corporate governance may impede the combined company s ability to retain and attract board members and executive officers, and increase the costs associated with being a public company.

On July 30, 2002, President George W. Bush signed into law the Sarbanes-Oxley Act of 2002. The new act is designed to enhance corporate responsibility through new corporate governance and disclosure obligations, increase auditor independence and impose tougher penalties for securities fraud. In addition, the Securities and Exchange Commission and National Association of Securities Dealers have adopted rules in furtherance of the act and are considering adopting others. This act and the related new rules and regulations will likely have the effect of increasing the complexity and cost of the combined company s corporate governance and the time its executive officers spend on such issues, and may increase the risk of personal liability for its board members, Chief Executive Officer, Chief Financial Officer and other executives involved in the combined company s corporate governance process. As a result, it may become more difficult for the combined company to attract and retain board members and executive officers involved in the corporate governance process. In addition, each of MarketWatch and Pinnacor has experienced, and we anticipate the combined company will experience, increased costs associated with being a public company, including additional legal, professional and independent auditor fees.

The continuing conflict in Iraq, future terrorist attacks and threats of or actual war may negatively impact all aspects of the combined company s operations, revenues, costs and stock price.

The continuing conflict in Iraq and future terrorist acts or acts of war (wherever located around the world), as well as events occurring in response to or in connection with them, may cause damage or disruption to the operations of the combined company and its customers, partners and suppliers. Any of these events could cause consumer confidence and spending, including spending on the Web, to decrease, which may impact the combined company s online advertising revenues, ability to attract new licensing customers and other aspects of

Table of Contents

Index to Financial Statements

its operations in ways that cannot presently be predicted. The combined company will be predominantly uninsured for losses and interruptions caused by terrorist acts and acts of war. Also, volatility in the United States and worldwide financial markets and economies has contributed to volatility in the stock prices of U.S. publicly traded companies. The continuing conflict in Iraq and further acts of terrorism or civil disturbances in the United States or elsewhere could have a significant impact on the combined company s operating results, revenues and costs.

The stock price of Holdco common stock may decline as compared to the current stock prices of MarketWatch or Pinnacor.

There is no prior public market for the Holdco common stock, and an active public market for the Holdco common stock may not develop or be sustained. The market price of Holdco common stock could be subject to significant fluctuations. Some of the factors that could affect the trading price of Holdco common stock are:

- negative market reaction to the merger of MarketWatch and Pinnacor;
- quarterly variations in the combined company s operating results;
- changes in revenue or earnings estimates, publication of research reports by analysts, or speculation in the press or investment community;
- strategic actions by the combined company or its competitors, such as acquisitions or restructurings; or
- general market conditions, and domestic and international economic factors, unrelated to the combined company s performance.

The realization of any of the risks described above and the other applicable risks described in this Risk Factors section could have a significant and adverse effect on the market price of Holdco common stock. We cannot assure you that you will be able to resell your shares of Holdco common stock received in the merger at any particular price, if at all.

Substantial sales of Holdco common stock may occur in connection with the merger, which could cause its stock price to decline.

As of the date of the completion of the merger, Holdco will have approximately 23,518,000 shares of its common stock outstanding. Other than shares of Holdco common stock held by affiliates of MarketWatch, Pinnacor and Holdco, which are subject to transfer restrictions under applicable securities laws, approximately 9,142,000 shares of Holdco common stock will be eligible for immediate resale in the public market. Pursuant to the terms of the merger agreement, the outstanding options granted to Pinnacor employees will become fully accelerated and will become immediately exercisable and the restricted stock granted to some of Pinnacor s executive officers will be free from restrictions, and such stock options and restricted stock will be converted into the right to receive Holdco common stock based on the exchange ratio of 0.2659. There will be outstanding options to purchase approximately 4,257,000 shares of Holdco common stock that will become fully vested. Furthermore, as a result of the proration rules described in this joint proxy statement-prospectus, contrary to their preferences, Pinnacor stockholders may receive Holdco common stock instead of cash as the merger consideration. This may result in such Pinnacor stockholders desiring to immediately sell their Holdco common stock after the completion of the merger. We are unable to predict whether significant amounts of Holdco common stock received as merger consideration will be sold in the open market following the merger. We are also unable to predict whether a sufficient number of interested buyers will be in the market at that time. Any sales of substantial amounts of Holdco common stock in the public market, or the perception that such sales might occur, could harm the market price of Holdco common stock.

Table of Contents

Index to Financial Statements

Market prices of Internet companies have been highly volatile and the market price for Holdco common stock may be volatile as well.

The stock market has experienced significant price and trading volume fluctuations, and the market prices of shares of Internet companies generally have been extremely volatile and have experienced sharp declines. Broad market fluctuations may adversely affect the trading price of Holdco common stock regardless of its actual performance. In the past, following periods of volatility in the market price of a public company s securities, securities class action litigation has often been instituted against that company. Such litigation could result in substantial costs and a diversion of management s attention and resources.

The combined company s ability to pay dividends is limited.

The combined company currently intends to retain all future earnings to fund the development and growth of its business and, therefore, does not anticipate paying any dividends. Neither MarketWatch nor Pinnacor has achieved profitability on an annual basis, and we cannot predict if and when the combined company will achieve sufficient net profits to declare dividends. The combined company s plan not to declare any dividends could adversely affect the market price of its common stock particularly in light of the recent market trend to favor dividend paying stocks due to the equalization of tax rates on dividend income as compared to capital gains.

Risks Relating to the MarketWatch Business

In addition to the following risks that are specific to the MarketWatch business, MarketWatch is also subject to most of the same risks described in greater detail in the section captioned Risks Relating to the Combined Company and the results of operations and financial condition of MarketWatch may be adversely affected by such risks.

The MarketWatch business relies significantly on revenue from advertising, which is difficult to forecast accurately.

A significant amount of MarketWatch s revenue comes from advertisements displayed on its Web sites. MarketWatch derives a majority of its revenue from the sale of advertisements under short-term contracts, which are difficult to forecast accurately. In addition, MarketWatch s advertising packages are sold in campaigns ranging from less than two weeks to a year or more. Advertisers generally have the right to cancel a campaign with two weeks notice without penalty. In cases where the advertisers are promoting services, payments received by MarketWatch are often contingent on the amount of services sold through such advertisements placed on MarketWatch s Web sites. Some of MarketWatch s advertisers are Internet companies that, in certain cases, may lack the financial resources to fulfill their commitments. Accordingly, it is difficult to accurately forecast these advertising revenues. MarketWatch s expense levels are based in part on expectations of future revenues and are fixed over the short term with respect to certain categories. MarketWatch may be unable to adjust spending quickly enough to compensate for any unexpected revenue shortfall. Accordingly, the cancellation or deferral of advertising agreements could have a material adverse effect on the financial results of the MarketWatch business.

Furthermore, some of the existing brokerage and financial services companies and customers in other markets that MarketWatch targets have merged, and additional mergers may occur in the future, which would further reduce the number of MarketWatch s existing and potential customers. For example, in the prior year, Ameritrade, one of MarketWatch s customers, acquired Datek, which was also one of MarketWatch s customers. As a result, MarketWatch s online advertising revenue was adversely affected.

The MarketWatch business depends on licensing revenues, and if licensing revenues were to decline, its business could be harmed.

Licensing revenue is very important to the MarketWatch business. Licensing revenue depends on new customer contracts and customer contract renewals, and could decrease if new business is not found or if

Table of Contents

Index to Financial Statements

customers renew for lesser amounts, terminate early or forego renewal. MarketWatch derives a significant percentage of its licensing revenue from a small number of large clients and from brokerages and financial services companies. In many cases, the amount of licensing revenue depends on the number of qualified account holders these customers have each month. If the number of qualified account holders were to decrease, MarketWatch s licensing revenue could decrease. A number of these brokerages and financial services companies have experienced a decrease in account holders as a result of the recent market downturn. The growth of MarketWatch s licensing revenue could also be limited as there are a limited number of brokerages and financial services companies. In addition, certain license contracts guarantee the performance of MarketWatch s Web sites. If MarketWatch s sites were to not perform as guaranteed, its licensing revenue would be adversely affected.

Some of the licensing tools MarketWatch has created and currently markets to existing and potential customers require users to disclose personally identifiable information and allow MarketWatch access to such confidential information. Due to concerns about user privacy issues, existing and potential licensing customers may be deterred from licensing these tools, which could harm MarketWatch s future licensing revenue.

MarketWatch receives a portion of the data incorporated in its licensing products from third parties, some of which are competitors. For example, MarketWatch receives data from Dow Jones and Thomson Financial Corporation. If they or others perceive MarketWatch as a competitor, they may discontinue providing services to MarketWatch. Also, some of MarketWatch s third-party data providers have restrictions on access to and use of their data, which may make MarketWatch s licensing of products incorporating such data less attractive to MarketWatch s existing and potential customers which in turn may adversely affect MarketWatch s licensing revenue.

Further, a substantial portion of MarketWatch s licensing revenue comes from media and financial services companies, which have been adversely affected by the recent market downturn. If MarketWatch does not diversify its client base and continue to attract customers from other industries, its business could be adversely affected. Moreover, some of the existing brokerage and financial services companies and customers in other markets that MarketWatch targets may have merged and additional mergers may occur in the future, which would further reduce the number of its existing and potential customers and adversely affect its licensing revenue. For example, in the prior year, Ameritrade, one of MarketWatch s customers, acquired Datek, which was also one of MarketWatch s customers. As a result, MarketWatch s licensing revenue was adversely affected.

MarketWatch s ability to develop and bring new products and services to market and to further develop and improve existing products and services will be limited if the merger with Pinnacor is not consummated.

Pinnacor has developed products and services that MarketWatch does not currently possess that MarketWatch would like to offer to its existing customers. In addition, Pinnacor has a significant engineering, development and technical staff that is dedicated to the development and enhancement of Pinnacor s existing products and services. If the merger is not consummated, MarketWatch s current engineering, development, and technical staff would be more limited than that of the combined company and may not be able to develop on a timely basis, if at all, products and services similar to Pinnacor s existing products and services or new products and services, or otherwise further develop or improve its existing products and services.

MarketWatch is involved in a securities class action litigation and is at risk of additional similar litigation.

MarketWatch is a party to a securities class action litigation relating to its initial public offering. The plaintiffs in the class action litigation allege that the underwriters in the initial public offering agreed to allocate stock in the offering to certain investors in exchange for excessive and undisclosed commissions and agreements by those investors to make additional purchases of stock in the aftermarket at pre-determined prices. The plaintiffs further allege that the prospectus for MarketWatch s initial public offering was false and misleading in violation of securities laws because MarketWatch did not disclose these arrangements. The defense of the litigation has increased and may continue to increase MarketWatch s expenses and divert its management s

Table of Contents

Index to Financial Statements

attention and resources, and an adverse outcome in this litigation could seriously harm its business, results of operations and cash flows. In addition, MarketWatch may in the future be the target of other securities class action or similar litigation. For more information about the securities class action litigation, see page 97.

Because two of MarketWatch s large stockholders currently beneficially own approximately 65% of the MarketWatch common stock, they have substantial control over the management of MarketWatch and significant sales of stock held by them could have a negative effect on MarketWatch s stock price.

CBS and Pearson currently beneficially own approximately 65% of MarketWatch s outstanding common stock. Each of CBS and Pearson is also entitled to nominate four representatives on MarketWatch s board of directors. Currently, each of CBS and Pearson has two representatives on MarketWatch s board of directors. As a result of their ownership and board positions, CBS and Pearson individually and collectively are able to significantly influence all matters requiring stockholder approval, including the election of directors, amendments to charter documents and approval of significant corporate transactions. Such concentration of ownership may also have the effect of delaying or preventing a change in control of MarketWatch even if such a change in control may be beneficial to MarketWatch s stockholders generally. In addition, sales of significant amounts of shares held by either of CBS or Pearson, or the prospect of these sales, could adversely affect the market price of MarketWatch s common stock.

Risks Relating to the Pinnacor Business

In addition to the following risks that are specific to the Pinnacor business, Pinnacor is also subject to most of the same risks described in greater detail in the section captioned Risks Relating to the Combined Company and the results of operations and financial condition of Pinnacor may be adversely affected by such risks.

The announcement and pendency of the proposed merger between MarketWatch and Pinnacor could adversely affect Pinnacor s business.

Pinnacor s business, results of operations and cash flows could be affected by the announcement and pendency of the proposed merger. Since Pinnacor s revenue could be adversely affected if its customers delay, defer, or cancel purchases pending consummation of the proposed merger. Current and prospective customers could be reluctant to purchase services due to potential uncertainty about the direction of the combined company s product offerings and its support and service of existing products. To the extent that the announcement and pendency of the proposed merger creates uncertainty among customers such that one large customer, or a significant group of small customers, delays purchase decisions pending consummation of the proposed merger, Pinnacor s results of operations and ability to operate profitably could be negatively affected. Decreased revenue and a failure to be profitable could have a variety of adverse effects, including negative consequences to business relationships with, and ongoing obligations to, customers, suppliers, business partners, and others with whom Pinnacor has business relationships.

Pinnacor may suffer additional negative consequences if the proposed merger is not completed, which could adversely affect its business, results of operations and stock price, including the following:

Pinnacor would not realize the benefits expected from becoming a part of a combined company with MarketWatch, including the potentially enhanced financial and competitive position;

Activities relating to the proposed merger and related uncertainties may divert the attention of Pinnacor s management from day-to-day business and cause disruptions among its employees and to its relationships with customers and business partners, thus detracting from the ability to grow revenue and minimize costs and possibly leading to a loss of revenue and market position that may not be able to be regained if the proposed merger does not occur;

Table of Contents

Index to Financial Statements

- The market price of Pinnacor common stock could decline following an announcement that the proposed merger has been abandoned, to the extent that the current market price reflects a market assumption that the transaction will be completed;

- Pinnacor could be required to pay MarketWatch a termination fee and provide reimbursement to MarketWatch for certain incurred costs;

- Pinnacor would remain liable for its costs related to the proposed merger, such as legal and accounting fees and financial advisory fees; or

- Pinnacor may not be able to take advantage of alternative business opportunities or effectively respond to competitive pressures.

Pinnacor has a history of significant operating losses.

Pinnacor has incurred operating losses in every quarter since Pinnacor began its current line of business in 1998 except in the third quarter of 2002 when Pinnacor reported an operating profit due to the non-recurring reversal of previously recorded restructuring charges. While Pinnacor s operating losses have narrowed in recent quarters, its ability to achieve profitability will depend on its ability to generate and sustain higher net sales while maintaining reasonable expense levels. Pinnacor cannot be certain that if it were to achieve profitability, it would be able to sustain or increase that profitability.

Pinnacor does not have a proven track record of selling its new technology offerings.

Pinnacor has developed and introduced new products and services that have a very limited track record. It is uncertain whether there will be a significant demand for Pinnacor s new products and services by either its current or prospective clients. If the investment Pinnacor has made in producing and selling these new products and services does not result in significant sales, Pinnacor s business may be materially adversely affected.

Some of Pinnacor s customers are startup companies that pose credit risks and their failure to pay their bills has led to a loss of revenue for Pinnacor, a trend that may continue.

While the majority of Pinnacor s customers are large and mid-sized enterprise customers, a number of its customers are smaller startup companies. Many of these companies have limited operating histories, operate at a loss and have limited cash reserves and limited access to additional capital. With some of these customers, Pinnacor has experienced difficulties collecting accounts receivable. As a result, Pinnacor s allowance for doubtful accounts as of December 31, 2001, December 31, 2002 and September 30, 2003, was approximately $1,130,000, $620,000 and $570,000, respectively. While Pinnacor s bad debt expense has narrowed significantly in recent quarters, it may continue to encounter these difficulties in the future. If any significant part of Pinnacor s customer base were unable or unwilling to pay their fees for services and products provided by Pinnacor for any reason, Pinnacor s business would suffer.

Losing major information providers may leave Pinnacor with insufficient information to retain and attract customers.

Pinnacor does not generate original content or data and is therefore highly dependent upon third-party information providers. If Pinnacor were to lose several of its major information providers and were not able to obtain similar content or data from other sources, its services and products would be less attractive to existing and potential customers. In addition, Pinnacor cannot be certain that it will be able to license content or data from its current or new providers on favorable terms in the future, if at all.

Table of Contents

Index to Financial Statements