

NMP INC  
Form S-4/A  
December 16, 2003  
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As filed with the Securities and Exchange Commission on December 16, 2003

Registration No. 333-108282

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Amendment No. 5

## FORM S-4

## REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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### NMP, Inc.

(Exact Name of Registrant as Specified in its Charter)

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Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

7370  
(Primary Standard Industrial  
Classification Code)

27-0064104  
(I.R.S. Employer  
Identification Number)

825 Battery Street  
San Francisco, CA 94111

(415) 733-0500

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

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**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)

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New York, NY 10036  
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**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. " \_\_\_\_\_"

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**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.**

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**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.**

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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,

Lawrence S. Kramer  
Chairman and Chief Executive Officer  
MarketWatch.com, Inc.

Sincerely,

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.

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**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.

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**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



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**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,**

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**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

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**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.

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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?**

## Edgar Filing: NMP INC - Form S-4/A

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.

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**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?**

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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.

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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,



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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*

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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)

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**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>

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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;

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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*

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*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

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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.



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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.

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

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**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.

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*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.

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*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.

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*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:

Holdings 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

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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)**

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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

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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.

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**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.

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**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.





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**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.

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(in thousands, except per share data)

	Years Ended December 31,					Nine Months Ended September 30,	
	1998	1999	2000	2001	2002	2002	2003
							(unaudited)
<b>Consolidated Statements of Operations Data</b>							
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)
<b>Consolidated Balance Sheet Data</b>						
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.

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**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)
<b>Consolidated Statements of Operations Data</b>							
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,

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						2003
	1998	1999	2000	2001	2002	
						(unaudited)
<b>Consolidated Balance Sheet Data</b>						
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

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**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 ContentsIndex to Financial Statements**Holdco****Unaudited Pro Forma Combined Condensed Balance Sheet**

(in thousands)

	MarketWatch	Pinnacor	Pro Forma Adjustments	Pro Forma Balance Sheet September 30, 2003
	September 30, 2003	September 30, 2003		September 30, 2003
<b>Current assets:</b>				
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
<b>Total current assets</b>	<b>55,914</b>	<b>53,859</b>	<b>(44,465)</b>	<b>65,308</b>
Property plant and equipment, net	4,435	4,531		8,966
Intangible assets, net		1,946	(1,946)(c)	
Goodwill	22,429	34,888	7,800 (c)	7,800
Other assets	128	612	(34,888)(c)	76,084
			53,655 (c)	740
<b>Total assets</b>	<b>\$ 82,906</b>	<b>\$ 95,836</b>	<b>\$ (19,844)</b>	<b>\$ 158,898</b>
<b>Current liabilities:</b>				
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
<b>Total current liabilities</b>	<b>10,903</b>	<b>11,924</b>	<b>1,499</b>	<b>24,326</b>
<b>Noncurrent liabilities:</b>				
Capital lease obligations, less current portion		418		418
Deferred tax liability			3,120 (q)	3,120
<b>Total noncurrent liabilities</b>		<b>418</b>	<b>3,120</b>	<b>3,538</b>
<b>Total liabilities</b>	<b>10,903</b>	<b>12,342</b>	<b>4,619</b>	<b>27,864</b>
<b>Stockholders' equity:</b>				
Common stock	180	453	(453)(b)	
Additional paid-in capital	322,508	225,593	60 (h)	240
			(225,593)(b)	



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			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)
	<u>72,003</u>	<u>83,494</u>	<u>(24,463)</u>	<u>131,034</u>
Total stockholders equity				
	<u>\$ 82,906</u>	<u>\$ 95,836</u>	<u>\$ (19,844)</u>	<u>\$ 158,898</u>
Total liabilities and stockholders equity				

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
<b>Total net revenues</b>	<b>44,524</b>	<b>34,566</b>	<b>4,558</b>			<b>83,648</b>
Cost of net revenues	16,339	11,480	2,129	\$ (310)(p) 771 (n)	\$ 1,008 (g)	31,417
<b>Gross profit</b>	<b>28,185</b>	<b>23,086</b>	<b>2,429</b>	<b>(461)</b>	<b>(1,008)</b>	<b>52,231</b>
Operating expenses:						
Product development	6,954	7,414		310 (p) 1,683 (n) 1,950 (o)	(33)(f) (121)(m)	18,157
General and administrative	11,315	7,200	3,386	507 (n) 1,714 (o)	(667)(f) (57)(m)	23,398
Sales and marketing	10,436	9,052	19	976 (n) 385 (o)	971 (f) (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
<b>Total operating expenses</b>	<b>38,548</b>	<b>30,075</b>	<b>7,643</b>	<b>(461)</b>	<b>329</b>	<b>76,134</b>
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
<b>Net loss</b>	<b>\$ (9,653)</b>	<b>\$ (5,333)</b>	<b>\$ (6,247)</b>		<b>\$ (1,794)</b>	<b>\$ (23,027)</b>
Net loss per share:						
Basic and diluted	\$ (0.57)	\$ (0.13)				\$ (1.00)

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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 ContentsIndex 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
<b>Total net revenues</b>	<b>33,794</b>	<b>25,128</b>			<b>58,922</b>
Cost of net revenues	13,028	8,690	\$ (228)(p) 307 (n)	\$ 756 (g)	22,553
<b>Gross profit</b>	<b>20,766</b>	<b>16,438</b>	<b>(79)</b>	<b>(756)</b>	<b>36,369</b>
Operating expenses:					
Product development	5,040	5,425	228 (p) 946 (n) 6 (o)	29 (f)	11,674
General and administrative	8,545	5,542	367 (n) 40 (o)	(40)(f)	14,454
Sales and marketing	7,439	4,658	412 (n) (6)(o)	38 (f)	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)		
<b>Total operating expenses</b>	<b>21,024</b>	<b>18,054</b>	<b>(79)</b>	<b>75</b>	<b>39,074</b>
<b>Loss from operations</b>	<b>(258)</b>	<b>(1,616)</b>		<b>(831)</b>	<b>(2,705)</b>
Interest and other income (expense), net	384	780		(268)(a)	896
<b>Net income (loss)</b>	<b>\$ 126</b>	<b>\$ (836)</b>		<b>\$ (1,099)</b>	<b>\$ (1,809)</b>
Net income (loss) per share:					
Basic	\$ 0.01	\$ (0.02)			\$ (0.08)

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

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

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**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.



**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
	<hr/>
<b>Total estimated purchase price</b>	<b>\$ 105,992</b>
	<hr/>

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
	<hr/>
<b>Total assets acquired</b>	<b>120,292</b>
Liabilities assumed	(11,341)
Deferred tax liability	(3,120)
Deferred stock-based compensation	161
	<hr/>
<b>Net assets acquired</b>	<b>\$ 105,992</b>
	<hr/>

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.



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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.

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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.

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**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)

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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.

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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.

	<b>Year Ended December 31, 2002</b>	<b>Nine Months Ended September 30, 2003</b>
<b>MarketWatch:</b>		
<b>Historical per common share data:</b>		
Net income (loss) per basic and diluted share	\$ (0.57)	\$ 0.01
Net book value per share(1)		\$ 4.14
<b>Pinnacor:</b>		
<b>Historical per common share data:</b>		
Net loss per basic and diluted share	\$ (0.13)	\$ (0.02)
Net book value per share(1)		\$ 2.04
<b>Holdco:</b>		
<b>Pro forma combined per common share data:</b>		
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.





**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.

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**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

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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.

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*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.



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*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.*

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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



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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.

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*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



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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.*

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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

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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.

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*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;

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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.

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*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

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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.

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*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

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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.

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*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

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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.

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*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

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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.



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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

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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.

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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

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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.

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***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

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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



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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.

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*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

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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

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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

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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:

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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;

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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.

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*Pinnacor changed its name to Pinnacor Inc., a name that has no prior name recognition in its industry. If Pinnacor is unable to maintain its reputation and expand its name recognition, Pinnacor may have difficulty attracting new business and retaining current customers and employees, and Pinnacor's business may suffer.*

Pinnacor believes that establishing and maintaining a good reputation and name recognition is critical for attracting and retaining customers and employees. Pinnacor also believes that the importance of reputation and name recognition is increasing in the industries in which it operates, and will continue to increase. If Pinnacor's reputation is damaged or diminished because of Pinnacor's name change in October 2002, or if potential customers are not familiar with Pinnacor or the services Pinnacor provides, Pinnacor may be unable to attract new, or retain existing, customers and employees. Promotion and enhancement of Pinnacor's name will depend largely on Pinnacor's success in continuing to provide effective services. If customers do not perceive Pinnacor's services to be effective or of high quality, Pinnacor's brand name and reputation will suffer.

*Pinnacor is effectively controlled by Pinnacor's executive officers and directors and the interests of these stockholders could conflict with your interests.*

Pinnacor's executive officers and directors, in the aggregate, currently beneficially own approximately 27% of Pinnacor's outstanding common stock. As a result, these stockholders, if acting together, would be able to exert considerable influence on any matters requiring approval by Pinnacor's stockholders, including the election of directors, amendments to its charter and bylaws and the approval of significant corporate transactions. The ownership position of these stockholders could delay, deter or prevent a change in control of Pinnacor and could adversely affect the price that investors might be willing to pay in the future for shares of its common stock.

*It may be difficult for a third party to acquire Pinnacor, which could depress its stock price.*

Delaware corporate law and Pinnacor's certificate of incorporation and bylaws contain provisions that could have the effect of delaying, deferring or preventing a change in control of the company that stockholders may consider favorable or beneficial. These provisions could discourage proxy contests and make it more difficult for Pinnacor stockholders to elect directors and take other corporate actions. These provisions could also limit the price that investors might be willing to pay in the future for shares of Pinnacor common stock. These provisions include:

a staggered board of directors, so that it would take three successive annual meetings to replace all directors;

prohibition of stockholder action by written consent;

advance notice requirements for the submission by stockholders of nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting; and

the requirement that Pinnacor obtain the affirmative vote of 80% of its outstanding shares of capital stock in order to approve certain business combinations with interested stockholders and to amend certain sections of its certificate of incorporation and bylaws.

*Pinnacor has not entered into confidentiality and invention assignment agreements with all of its employees.*

Pinnacor has entered into confidentiality and invention assignment agreements with many, but not all, of its employees and contractors, and nondisclosure agreements with many, but not all, of the parties Pinnacor does business with in order to limit access to and disclosure of Pinnacor's proprietary information. Pinnacor cannot assure you that such contractual arrangements or the other steps Pinnacor has taken will be sufficient to protect Pinnacor's intellectual property from infringement or misappropriation. Moreover, others may independently develop similar or superior technologies.

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**STATEMENTS REGARDING FORWARD-LOOKING INFORMATION**

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This joint proxy statement-prospectus contains information about future expectations and plans of Holdco, MarketWatch and Pinnacor that constitute such forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. These statements may include statements regarding the period following the completion of the merger, the expected timetable for completing the merger, the benefits and synergies of the proposed merger, future opportunities for the combined company and any other statements about future expectations, benefits, goals, plans or prospects.

Words such as anticipates, estimates, expects, projects, intends, plans, believes and words and terms of similar substance used in connection with any discussion of future operating or financial performance, or the merger of MarketWatch and Pinnacor, identify forward-looking statements. All forward-looking statements are based on present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to the risks related to the combined company, MarketWatch and Pinnacor, the factors relating to the merger and to the market price of the Holdco common stock discussed under Risk Factors, among others, could cause actual results to differ materially from those described in the forward-looking statements. These factors include: relative value of the Holdco common stock and the common stock of MarketWatch and Pinnacor, the ability to realize cost savings from the proposed merger, conflicts of interest of directors and executive officers of MarketWatch and Pinnacor in recommending the proposed merger, the ability of MarketWatch and Pinnacor to consummate the proposed merger and to successfully integrate their operations and employees, customer reaction to the announcement of the proposed merger, as well as the timely development and market acceptance of new and updated products and services of the combined company and the effect of competition on the combined company's business. Stockholders are cautioned not to place undue reliance on the forward-looking statements, which speak only of the date of this joint proxy statement-prospectus. None of MarketWatch, Pinnacor or Holdco is under any obligation, and each expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

All subsequent forward-looking statements attributable to MarketWatch, Pinnacor or Holdco or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

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**THE SPECIAL MEETINGS**

**Joint Proxy Statement-Prospectus**

This joint proxy statement-prospectus is being furnished to you in connection with the solicitation of proxies by the boards of directors of MarketWatch and Pinnacor of the MarketWatch and Pinnacor stockholders in connection with the merger proposal and by the board of directors of Holdco of the MarketWatch and Pinnacor stockholders, as the future stockholders of Holdco after the completion of the merger, in connection with the equity plan proposals.

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

**Date, Time and Place of the Special Meetings**

The special meetings are scheduled to be held as follows:

MarketWatch.com, Inc.  
Special Stockholder Meeting  
, 2004 at \_\_\_\_\_ a.m., local time  
825 Battery Street  
San Francisco, CA 94111

Pinnacor Inc.  
Special Stockholder Meeting  
, 2004 at \_\_\_\_\_ a.m., local time  
601 West 26th Street, 13th Floor  
New York, NY 10001

**Purpose of the Special Meetings**

The special meetings are being held so that the stockholders of each of MarketWatch and Pinnacor may consider and vote upon a proposal to adopt the merger agreement for the merger of MarketWatch and Pinnacor. A new holding company, Holdco, has been formed and, upon completion of the merger, will own the businesses of MarketWatch and Pinnacor. 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. 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. 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 adoption of the merger agreement will also constitute approval of the merger and the other transactions contemplated by the merger agreement. In addition, the purpose of the special meetings is to seek the approval of the MarketWatch and Pinnacor stockholders, as the future stockholders of Holdco after the completion of the merger, for the adoption of Holdco's 2004 stock incentive plan and 2004 employee stock purchase plan. Furthermore, any other business that may properly come before the special meetings or any adjournment or postponement of the special meetings will also be transacted at the respective special meetings.

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If the stockholders of MarketWatch and Pinnacor adopt the merger agreement, upon the completion of the merger:

MarketWatch stockholders will receive one share of Holdco common stock in exchange for each share of MarketWatch common stock they own; and

Pinnacor stockholders will receive either \$2.42 in cash or 0.2659 of a share of Holdco common stock in exchange 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.

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In addition, if the stockholders of MarketWatch and Pinnacor adopt the equity plan proposals, Holdco's 2004 equity incentive plan and 2004 employee stock purchase plan will be effective upon the completion of the merger.

### **Stockholder Record Date for the Special Meetings**

*MarketWatch.* MarketWatch's board of directors has fixed the close of business on November 19, 2003 as the record date for determination of the MarketWatch stockholders entitled to notice of and to vote at the MarketWatch special meeting. On the record date, there were 17,474,460 shares of MarketWatch common stock outstanding, held by approximately 266 holders of record.

*Pinnacor.* Pinnacor's board of directors has fixed the close of business on November 19, 2003 as the record date for determination of the Pinnacor stockholders entitled to notice of and to vote at the Pinnacor special meeting. On the record date, there were 40,911,519 shares of Pinnacor common stock outstanding, held by approximately 349 holders of record.

### **Voting Rights**

*MarketWatch.* With respect to the merger and equity plan proposals, holders of MarketWatch common stock are entitled to one vote for each share of MarketWatch common stock held as of the record date for the special meeting. An automated system administered by MarketWatch's transfer agent will tabulate votes cast by proxy. A representative of MarketWatch's transfer agent will act as the inspector of elections for the MarketWatch special meeting and will tabulate the votes cast in person at the MarketWatch special meeting.

*Pinnacor.* With respect to the merger proposal, holders of Pinnacor common stock are entitled to one vote for each share of Pinnacor common stock held as of the record date for the special meeting. With respect to the equity plan proposals, holders of Pinnacor common stock whose shares are exchanged into Holdco common stock in the Pinnacor merger are entitled to 0.2659 of a vote for each such exchanged share of Pinnacor common stock and holders of Pinnacor common stock whose shares are exchanged for cash in the Pinnacor merger, whether by election of the Pinnacor stockholder or by the application of the proration rules described in this joint proxy statement-prospectus, are not entitled to a vote on the equity plan proposals. All Pinnacor stockholders are encouraged to vote on the merger and the equity plan proposals, regardless of whether or not a Pinnacor stockholder elects to receive all or a portion of the merger consideration in cash. We will not know at the time of the Pinnacor special meeting the allocation of the merger consideration. As a result, due to the proration rules described elsewhere in this joint proxy statement-prospectus, Pinnacor stockholders who elect to receive all or a portion of the merger consideration in cash and therefore would not otherwise be entitled to vote upon the equity plan proposals with respect to the Pinnacor common stock to be exchanged for cash, may instead receive Holdco common stock, in which case such Pinnacor stockholders would be entitled to vote upon the equity plan proposals. All Pinnacor stockholders are entitled to vote upon the merger proposal, regardless of whether a Pinnacor stockholder elects to receive cash or stock as the merger consideration.

With respect to the merger proposal, an automated system administered by Pinnacor's transfer agent will tabulate votes cast by proxy, and a representative of Pinnacor's transfer agent will act as the inspector of elections for the Pinnacor special meeting and will tabulate the votes cast in person at the Pinnacor special meeting for the merger proposal. After the exchange agent determines which shares of Pinnacor common stock are exchanged into Holdco common stock in the Pinnacor merger, an automated system administered by Pinnacor's transfer agent will then tabulate the votes cast by those shares, whether by proxy or in person, with respect to the equity plan proposals.

**Vote Needed for a Quorum, Effect of Abstentions and Broker Non-Votes**

A quorum is required for stockholders of MarketWatch and Pinnacor to conduct business at the respective special meetings. The holders of a majority of the shares of MarketWatch common stock entitled to vote on the



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record date of the MarketWatch special meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business at the MarketWatch special meeting. Similarly, the holders of a majority of the shares of Pinnacor common stock entitled to vote on the record date of the Pinnacor special meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Pinnacor special meeting.

Under the Delaware General Corporation Law, as it relates to determining the presence of a quorum at the respective special meetings, abstaining votes and broker non-votes are counted as present and are, therefore, included for purposes of determining whether a quorum of shares is present. An abstention is counted as a share present and entitled to be voted at the respective special meetings and will have the same effect as a no vote with respect to the merger proposal but will have no effect on the vote with respect to the equity plan proposals. A broker non-vote occurs when a broker or nominee holding shares for a beneficial owner does not vote on a particular matter because the broker or nominee does not have the discretionary voting power with respect to that matter and has not received instructions from the beneficial owner. With respect to the proposals to be presented and voted upon at both the MarketWatch and Pinnacor special meetings, a broker or nominee who holds shares for a beneficial owner is prohibited from giving a proxy to vote the beneficial owner's shares without instructions from the beneficial owner. As a result, a broker non-vote will have the same effect as a no vote with respect to the merger proposal but will have no effect on the vote with respect to the equity plan proposals.

**Vote Required for Adoption of the Merger and Equity Plan Proposals**

*Merger Proposal*

*MarketWatch.* The affirmative vote of a majority of the outstanding shares of the MarketWatch common stock entitled to vote on the record date is required to adopt the merger agreement and the transactions contemplated by the merger agreement. See page 120 for a discussion about the voting and waiver agreement that Pinnacor entered into with CBS and Pearson pursuant to which CBS and Pearson agreed to vote 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. As of the record date, CBS and Pearson owned approximately 65% of the outstanding shares of MarketWatch common stock entitled to vote at the MarketWatch special meeting.

*Pinnacor.* The affirmative vote of a majority of the outstanding shares of the Pinnacor common stock entitled to vote on the record date is required to adopt the merger agreement and the transactions contemplated by the merger agreement. See page 119 for a discussion about the voting agreements that MarketWatch entered into with certain significant stockholders, executive officers and directors of Pinnacor and their affiliates, pursuant to which the signatories to the voting agreement agreed to vote in favor of the merger agreement, the Pinnacor merger and the transactions contemplated by the Pinnacor merger. As of the record date, the signatories to the voting agreements owned approximately 27% of the outstanding shares of Pinnacor common stock entitled to vote at the Pinnacor special meeting.

*Equity Plan Proposals*

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 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.

**Method of Voting**

Both MarketWatch and Pinnacor stockholders are being asked to vote the shares held directly in their name as stockholders of record and any shares they hold in street name as beneficial owners. Shares held in street name are shares held by a broker, dealer, bank or other financial institution.

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The method of voting differs for the shares held by a record holder and the shares held in street name. Record holders will receive proxy cards. Holders of shares in street name will receive voting instruction cards in order to instruct their nominees on how to vote.

YELLOW proxy cards and voting instruction cards are being solicited on behalf of the MarketWatch board of directors from MarketWatch stockholders of record in favor of the merger proposal and of the Holdco board of directors from MarketWatch stockholders in favor of the equity plan proposals.

WHITE proxy cards and voting instruction cards are being solicited on behalf of the Pinnacor board of directors from Pinnacor stockholders in favor of the merger proposal and of the Holdco board of directors from Pinnacor stockholders in favor of the equity plan proposals.

MarketWatch and Pinnacor stockholders may also vote by proxy by using the telephone. For specific instructions on how to use the telephone to vote by proxy for the MarketWatch or Pinnacor special meeting, please refer to the instructions on your proxy card.

If you are a stockholder of record, you may also vote in person at your respective MarketWatch or Pinnacor special meeting. If you hold shares in street name, you may not vote in person at your respective MarketWatch or Pinnacor special meeting unless you obtain a signed proxy from the record holder giving you the right to vote the shares. You will also need to present photo identification and comply with the other procedures described in *Special Meeting Admission Procedures* on page 59 below.

Stockholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement-prospectus and multiple proxy cards or voting instruction cards. For example, stockholders who hold shares in more than one brokerage account will receive a separate voting instruction card for each brokerage account in which shares are held. MarketWatch and Pinnacor stockholders of record whose shares are registered in more than one name will receive more than one YELLOW or WHITE proxy card, as the case may be. In addition, stockholders who own shares of both MarketWatch and Pinnacor common stock will receive a YELLOW and WHITE proxy card from both MarketWatch and Pinnacor.

**Read the voting instruction card and proxy card carefully. A stockholder should execute all the proxy card(s) and voting instruction card(s) received in order to make sure all of your shares are voted.**

**Grant of Proxies**

All shares of MarketWatch common stock represented by properly executed proxies or voting instruction cards received before or at the MarketWatch special meeting and all shares of Pinnacor common stock represented by properly executed proxies or voting instruction cards received before or at the Pinnacor special meeting will, unless the proxies or voting instructions are revoked, be voted in accordance with the instructions indicated on those proxies or voting instruction cards. If no instructions are indicated on a properly executed proxy card or voting instruction card, the shares will be voted FOR the adoption of: (A) the merger agreement and the transactions contemplated by the merger agreement, (B) Holdco's 2004 stock incentive plan, and (C) Holdco's 2004 employee stock purchase plan. You are urged to mark the boxes on the proxy card or the voting instruction card, as the case may be, to indicate how to vote your shares.

Neither MarketWatch nor Pinnacor expects that any matter other than the adoption of (A) the merger agreement and the transactions contemplated by the merger agreement, (B) Holdco's 2004 stock incentive plan, and (C) Holdco's 2004 employee stock purchase plan will be brought before its special meeting. If, however, other matters are properly presented, the persons named as proxies will vote in accordance with their judgment with respect to those matters, unless authority to do so is specifically withheld on the proxy card or the voting instructions card, as the case may be.

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**Revocation of Proxies**

A stockholder may revoke his or her proxy at any time before it is voted by:

if you are a record holder of MarketWatch common stock or Pinnacor common stock:

if you are a MarketWatch stockholder, notifying in writing the Secretary of MarketWatch at 825 Battery Street, San Francisco, CA 94111;

if you are a Pinnacor stockholder, notifying in writing the Secretary of Pinnacor at 601 West 26th Street, 13th Floor, New York, NY 10001;

granting, signing and returning by mail a subsequently dated proxy or by using the telephone voting procedures; or

appearing in person and voting at the special meeting.

if you hold the shares of MarketWatch common stock or Pinnacor common stock in street name, that is, with a broker, dealer, bank or other financial institution, follow the instructions from such nominee on how to revoke or modify your voting instructions.

Attendance at the respective special meeting will not in and of itself constitute revocation of a proxy.

**Solicitation of Proxies**

MarketWatch and Pinnacor will equally share the expenses incurred in connection with the printing and mailing of this joint proxy statement-prospectus. Pinnacor has retained Mellon Investor Services to assist in the solicitation of proxies at an estimated cost of \$10,000 plus reimbursement of expenses. MarketWatch and Pinnacor will also request banks, brokers and other intermediaries holding shares of MarketWatch or Pinnacor common stock beneficially owned by others to send this joint proxy statement-prospectus to, and obtain proxies from, the beneficial owners and will reimburse the holders for their reasonable expenses in so doing, for which the costs are not anticipated to exceed \$25,000. Solicitation of proxies by mail may be supplemented by telephone, telegram and other electronic means, advertisements and personal solicitation by the directors, officers or employees of MarketWatch and Pinnacor. No additional compensation will be paid to directors, officers or employees of MarketWatch and Pinnacor for such solicitation.

**Postponement or Adjournment of Meeting**

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If a quorum is not present or represented at either the MarketWatch or Pinnacor special meeting, both MarketWatch and Pinnacor bylaws permit a majority of either MarketWatch or Pinnacor stockholders entitled to vote at the respective special meeting, present in person or represented by proxy, to postpone or adjourn the meeting, without notice other than an announcement at the special meeting, until a quorum is present or represented. In the event that there are insufficient shares represented in person or by proxy at either the MarketWatch or Pinnacor special meeting to constitute a quorum required for conduct of business at either special meeting, the persons named as proxies for either special meeting may propose one or more postponements or adjournments of either meeting until a quorum is present or represented by proxy.

### **Special Meeting Admission Procedures**

You should be prepared to present photo identification for admittance at either the MarketWatch or Pinnacor special meeting. In addition, if you are a record holder of either MarketWatch or Pinnacor common stock, your name is subject to verification against the list of record holders of the MarketWatch or Pinnacor common stock, as the case may be, 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 that serves as your nominee, 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.

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**THE MERGER**

*This section of the joint proxy statement-prospectus describes certain material aspects of the merger. While we believe that the following description covers the material terms of the merger, this summary may not contain all of the information that is important to you. You should carefully read this entire joint proxy statement-prospectus including the section titled *The Merger Agreement* and the other documents to which we refer for a more complete understanding of the merger.*

**Background of the Merger**

In early March 2002, Kirk Loevner, Chief Executive Officer of Pinnacor, requested a meeting with Larry Kramer, Chief Executive Officer of MarketWatch, and Bill Bishop, Executive Vice President and General Manager of MarketWatch, in MarketWatch's offices in San Francisco, California, to discuss possible ways to collaborate on and share branded content.

On March 6, 2002, Mr. Loevner met Messrs. Kramer and Bishop at MarketWatch's offices in San Francisco and discussed the progress of Pinnacor's business and the marketplace environment of both companies. The meeting addressed several possible collaboration opportunities between MarketWatch and Pinnacor and the potential for a broader relationship between MarketWatch and Pinnacor, including MarketWatch's purchase of some or all of Pinnacor's business, Pinnacor acquiring MarketWatch's licensing division, or creating a strategic partnership between the two companies. Following the meeting, various discussions regarding a potential acquisition of Pinnacor by MarketWatch continued from time to time during the next several months between Messrs. Loevner and Kramer and other representatives of the companies.

On April 18, 2002, Pinnacor held a regularly scheduled board of directors meeting at which Mr. Loevner notified the board that he had spoken to MarketWatch and discussed several possible collaboration opportunities between MarketWatch and Pinnacor and the potential for a broader relationship between MarketWatch and Pinnacor.

On August 23, 2002, MarketWatch and Pinnacor entered into a non-disclosure agreement to facilitate the exchange of confidential and proprietary information. Until August 23, 2002, discussions between Pinnacor and MarketWatch were limited in scope and involved only publicly available information. As is customary, Pinnacor and MarketWatch often enter into non-disclosure agreements with third parties, such as potential customers and strategic partners, with whom they are in discussions that may involve the exchange of confidential or non-public information. As discussions became more involved in August 2002, and MarketWatch and Pinnacor agreed to exchange confidential and proprietary information and to arrange for a management presentation of Pinnacor's business, it became prudent for the parties to enter into a non-disclosure agreement. Following execution of the non-disclosure agreement, Mr. Loevner and David Obstler, Chief Financial Officer of Pinnacor, led a presentation regarding Pinnacor's business to MarketWatch's management team in New York. On September 9, 2002, Messrs. Loevner and Obstler made a similar presentation in New York City to Peter Glusker, a member of MarketWatch's board of directors and a member of MarketWatch's M&A committee. These meetings were intended to explore the level of mutual interest in a potential acquisition of Pinnacor by MarketWatch.

On October 22, 2002, Messrs. Loevner and Kramer and Kathleen Yates, President and Chief Operating Officer of MarketWatch, had a lunch meeting at MarketWatch's San Francisco offices, to discuss a possible acquisition of Pinnacor by MarketWatch and the strategic fit of MarketWatch and Pinnacor.

From November 2002 until March 2003, discussions between MarketWatch and Pinnacor continued, including discussions about relative valuations and price. In particular, during this time MarketWatch conducted a preliminary financial due diligence review in order to determine a preliminary valuation for Pinnacor.



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In the three years since its initial public offering, Pinnacor has pursued a broad range of corporate and strategic developments, including both internal development and a focus on external opportunities. Such focus resulted in Pinnacor's successful acquisition of Stockpoint in August 2001 and Inlumen in November 2002 and their subsequent successful integration with other Pinnacor businesses.

In December 2002, Pinnacor submitted a bid for a real-time financial information service that was being sold by a major financial information company. In conjunction with the bid, Pinnacor had discussions with a private equity firm regarding a potential investment in convertible equity of the combined entity. At this time, in order to allow Pinnacor's senior management to benefit from the knowledge and experience in the area of mergers and acquisitions of certain members of Pinnacor's board of directors, Pinnacor's M&A committee was established with James Robinson, David Hodgson and Kevin O'Connor as members. While originally formed in connection with this December 2002 acquisition bid, the M&A committee's charge was expanded to all merger and acquisition activity. The smaller size and extensive experience of its members, Pinnacor believes, allowed the Pinnacor M&A committee to reduce logistical burdens in scheduling meetings and to be more responsive to the transaction process. The financial information company ultimately accepted a bid from another bidder.

In January 2003, Mr. Kramer contacted Mr. Loevner. In response to Pinnacor's expressed willingness to consider an acquisition proposal, Mr. Kramer presented the broad terms of a transaction, including a preliminary indication of price. Following the determination by Pinnacor's board of directors that MarketWatch's preliminary indication of price (which was deemed by Pinnacor's board of directors to be in the range of \$1.62-\$1.75 per outstanding share of Pinnacor common stock) was insufficient, Mr. Loevner contacted Mr. Kramer to report that this preliminary indication of price would not be acceptable.

During January and February 2003, MarketWatch conducted a preliminary financial due diligence review of Pinnacor, which included a conference call between the management teams on February 12, 2003, to assess the possible synergies and growth opportunities that could be generated from a potential business combination. Specifically, the parties discussed potential cost synergies, such as the elimination of duplicate fees associated with being a public company and the general assessment of potential synergies from staff reductions, and potential revenue synergies including the cross-selling of each other's products to existing customers.

In January, February and March 2003, Pinnacor received a number of expressions of interest from private equity companies in going private type transactions. No formal offers were solicited or received.

In addition, in February 2003, after receipt of an inquiry regarding a potential business combination, Pinnacor conducted a due diligence session with another company in the industry, referred to as the Other Bidder. Further meetings and due diligence sessions with the Other Bidder took place in February and March 2003.

In mid-February and March 2003, Pinnacor also submitted proposals to acquire three companies in the financial planning and wealth management software sector.

On February 21, February 25 and March 21, 2003, MarketWatch's management team held various teleconference meetings with MarketWatch's M&A committee, which consists of Peter Glusker, Robert Lessin and Philip Hoffman, and discussed general due diligence and valuation matters relating to a proposed combination with Pinnacor. At the March 21 meeting, MarketWatch's management team made a presentation to the MarketWatch M&A committee generally outlining the rationale for a proposed combination with Pinnacor.

On February 24, 2003, the Pinnacor board of directors held a meeting and, among other business matters reviewed, discussed the progress with MarketWatch as well as the possibility of Pinnacor acquiring companies in the financial planning and wealth management software sector in addition to those for which bids had already been made.

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On March 14, 2003, Pinnacor met with a representative of an investment banking firm (which was not Citigroup) to discuss a range of possible merger and acquisition alternatives, both as buyer and seller.

On March 24, 2003, Pinnacor received an acquisition offer of \$1.50 per share from the Other Bidder. Pinnacor's board of directors rejected the terms of this offer as inadequate. The Other Bidder communicated that this was its best and final offer. Also, on March 24, 2003, Pinnacor received a preliminary, non-binding proposal of \$2.00 per share from MarketWatch, along with a draft of a proposed confidentiality and exclusivity agreement.

On March 26, 2003, the Pinnacor board of directors received an update from Messrs. Loevner and Obstler on several possible transactions, including the transaction with MarketWatch, a possible transaction with the Other Bidder and the concept of a going private transaction. In light of the Other Bidder's market reputation as a reputable but tough negotiator, Pinnacor's board of directors did not believe that the Other Bidder would increase its offer. Due to the limited, non-substantive nature of the going private discussions, and the fact that no formal offers were solicited or received, Pinnacor's board of directors determined that a going private transaction would not result in the best use of Pinnacor's cash or be a likely method to maximize stockholder value.

On March 31, 2003, the Pinnacor M&A committee met with Messrs. Loevner and Obstler to discuss possible strategies going forward, and determined to engage a financial advisor to assist Pinnacor in the process.

On April 2, 2003, Bill Ford and Mr. Hodgson, Managing Members of General Atlantic Partners, LLC, an affiliate of Pinnacor's largest stockholders (General Atlantic Partners 69, L.P., GAP Coinvestment Partners II, L.P. and GapStar, LLC), met with Mr. Kramer to discuss the March 24, 2003 non-binding proposal from MarketWatch and to discuss the range of stock and cash consideration to be paid by MarketWatch in a possible acquisition of Pinnacor. Following these discussions, on April 4, 2003, Pinnacor delivered to MarketWatch a counter-proposal that proposed an acquisition for approximately 5.5 to 6.0 million shares of MarketWatch common stock, plus cash in the amount of \$48.5 million, and the payment by MarketWatch of Pinnacor's transaction costs.

During March 2003, MarketWatch met with several different investment banking firms in New York and San Francisco in order to select a financial advisor in connection with an acquisition of Pinnacor. MarketWatch selected UBS as its financial advisor for several reasons, including UBS's significant experience in similar transactions and its familiarity with MarketWatch and its business. On April 7, 2003, MarketWatch retained UBS to serve as its financial advisor.

On April 9, 2003, MarketWatch made a revised proposal whereby Pinnacor would be acquired for approximately 5.5 to 6.0 million shares of MarketWatch common stock, plus cash in the amount of Pinnacor's cash balance at closing net of Pinnacor's transaction costs and outstanding debt. Although Pinnacor did not accept this proposal, the parties decided to move forward with due diligence and merger discussions, with an understanding that economic terms would be reconsidered at a later date.

In early April 2003, Pinnacor received a counter-offer from one of the companies in the financial planning and wealth management software sector for which Pinnacor had submitted a bid. The counter-offer sought materially different terms, including a substantial increase in price requested by the target company in an amount that exceeded Pinnacor's view of such company's value, which were not acceptable to Pinnacor, and Pinnacor declined to rebid. The selling company subsequently accepted a bid from another bidder. In mid-April 2003, negotiations resulting from another one of Pinnacor's bids to acquire a company in the financial planning and wealth management software sector were terminated by

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Pinnacor. Based on preliminary due diligence, the Pinnacor board believed that it would be a better use of time and resources to concentrate its efforts on the potential MarketWatch transaction.

In mid-April 2003, Pinnacor retained Citigroup to act as its financial advisor. After meeting with several different investment banks, Pinnacor selected Citigroup as its financial advisor for several reasons, including

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Citigroup's significant experience and successful track record in Pinnacor's industry and access to a senior team of professionals to work on the business combination with MarketWatch.

On April 28, 2003, MarketWatch's M&A committee held a telephonic meeting to discuss the status of the possible acquisition of Pinnacor by MarketWatch.

On April 30, 2003, Messrs. Loevner and Kramer met in New York to further discuss the process, valuations and related matters surrounding a possible acquisition of Pinnacor by MarketWatch.

On May 1, 2003, in order to facilitate the exchange of due diligence materials and ensure that such materials remained confidential, MarketWatch and Pinnacor entered into a confidentiality and exclusivity agreement. In addition to standard non-disclosure provisions, the confidentiality and exclusivity agreement contained a 30-day exclusivity period during which Pinnacor was not permitted to solicit or engage in discussions with other potential acquirers. As is customary, MarketWatch requested the exclusivity arrangement to justify its expenditure of time and resources. Pinnacor considered this factor balanced against the restrictions imposed by the exclusivity and the 30-day exclusivity period and determined to enter into the exclusivity arrangement. After execution of the confidentiality and exclusivity agreement, representatives of MarketWatch made a presentation to Pinnacor regarding its business model, strategy, operations and financial results. The same day, MarketWatch's board of directors held a regularly scheduled board meeting in New York during which the MarketWatch management made a presentation regarding Pinnacor's business model, strategy and operations, after which the MarketWatch board discussed the possibility of a proposed combination with Pinnacor.

After entering into the confidentiality and exclusivity agreement on May 1, 2003, Pinnacor and MarketWatch, together with their respective legal, financial and accounting advisors, conducted extensive due diligence, which continued through the signing of the definitive merger agreement at the end of July 2003.

On May 12, 2003, Messrs. Loevner and Kramer and Ms. Yates met in MarketWatch's San Francisco offices to discuss the current Pinnacor organization and to identify potential issues that would need to be resolved in order to complete the proposed business combination. In particular, the parties reviewed the Pinnacor organization chart and the roles of key employees.

On May 13, 2003, Messrs. Loevner and Obstler, and William Staib, Executive Vice President, Technology, and Rowan Hajaj, Vice President, Corporate Development of the Pinnacor management team made a presentation in Monterey, California, to Messrs. Kramer and Bishop, Ms. Platt, Ms. Yates, Doug Appleton, General Counsel, Scott Kinney, Executive Vice President, Licensing, and James Thingelstad, Chief Technology Officer of the MarketWatch management team, along with MarketWatch's financial advisor, regarding Pinnacor's business model, strategy, operations and financial results. Pinnacor's financial advisor was also present at that meeting.

On May 15 and 16, 2003, Ms. Yates, Ms. Platt and Joe Brichler, Controller of MarketWatch, along with MarketWatch's financial advisor, met with Messrs. Obstler and Hajaj and Robert Peck, Controller of Pinnacor, along with Pinnacor's financial advisor, in New York, to review and discuss financial and business due diligence.

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On May 29 and 30, 2003, as part of Pinnacor's due diligence of MarketWatch, MarketWatch representatives made a presentation to Pinnacor representatives, including Pinnacor's financial advisor, in San Francisco, regarding its business model, strategy, operations and financial results. MarketWatch's financial advisor was also present at that meeting.

On May 31, 2003, the parties amended the May 1, 2003 confidentiality and exclusivity agreement to provide for an extension of the exclusivity period from May 31, 2003 until June 29, 2003.

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In June 2003, Pinnacor made a second bid for one of the companies in the financial planning and wealth management software sector for which it had originally bid in March 2003. This bid was ultimately rejected in early July 2003. Also, in June 2003, in addition to the three bids made for the financial planning and wealth management software companies, Pinnacor submitted a bid for the financial information division of a large media company in the first round of an auction process, but after a request for an increase in price in an amount that significantly exceeded Pinnacor's view of such company's value, did not submit a second round bid.

Also in June 2003, Mr. Loevner's office received a call from the assistant to an executive at another financial information company requesting a meeting with Pinnacor to discuss a potential transaction. Due to Pinnacor's confidentiality and exclusivity obligations to MarketWatch, Mr. Loevner did not respond to this inquiry. Pinnacor's confidentiality and exclusivity agreement with MarketWatch expired on June 29, 2003.

On June 6, 2003, a meeting was held in San Francisco where Mr. Kramer and Ms. Yates made a presentation to Messrs. Loevner and Hodgson regarding MarketWatch's business model, strategy, operations and financial results. Also, on June 6, 2003, Mr. Loevner met separately with Mr. Kramer to discuss the progress of discussions and issues related to accomplishing a transaction.

On June 17, 2003, MarketWatch's M&A committee held a telephonic meeting to discuss the status of the possible acquisition of Pinnacor by MarketWatch.

On June 18, 2003, the Pinnacor board of directors held a meeting with Pinnacor's management and financial advisor to discuss the status of the mutual due diligence process. At this meeting, the Pinnacor board of directors authorized continued discussions with MarketWatch regarding the proposed business combination.

On June 26 and 27, 2003, MarketWatch's M&A committee held telephonic meetings to discuss the status of negotiations of the proposed transaction and to meet with MarketWatch's management and its financial and legal advisors. MarketWatch's management reviewed with MarketWatch's M&A committee the strategic rationale for the merger and the results of management's business, operations, risk management, financial, accounting, regulatory and legal due diligence investigation of Pinnacor and responded to questions by MarketWatch's M&A committee. After receiving approval from its M&A committee, MarketWatch provided Pinnacor with a written non-binding preliminary proposal setting forth proposed terms for an acquisition of Pinnacor. The terms included proposed consideration of approximately 5.75 million shares of MarketWatch common stock, plus cash in the amount of \$42.9 million.

From June 27 to July 9, 2003, MarketWatch and Pinnacor discussed the valuation of Pinnacor, including the assumptions underlying their respective valuations. MarketWatch and Pinnacor also reviewed and discussed the results of their respective preliminary analyses of the business combination, including the potential strategic synergies of the business combination and business integration of the combined company.

On July 1, 2003, the Pinnacor M&A committee held a telephonic meeting with Pinnacor's management and legal and financial advisors to discuss the proposal delivered by MarketWatch on June 27, 2003. At this meeting, Pinnacor's financial advisor reviewed with the Pinnacor M&A committee financial aspects of MarketWatch's proposal. After full discussion, the Pinnacor board of directors rejected MarketWatch's proposal as inadequate.

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On July 8, 2003, MarketWatch representatives made a presentation to Pinnacor's board of directors regarding its business model, strategy, operations and financial results. Following the presentation, Pinnacor submitted a written counter-proposal which proposed an acquisition by MarketWatch of Pinnacor for approximately 6.9 million shares of MarketWatch common stock, plus cash in the amount of \$46.5 million.

On July 9, 2003, MarketWatch's board of directors held a telephonic meeting to discuss the status of negotiations of the proposed transaction and to meet with MarketWatch's management and its financial and legal



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advisors. MarketWatch's management reviewed with MarketWatch's board of directors the strategic rationale for the merger and responded to questions by MarketWatch's board of directors. After receiving approval from its board of directors, MarketWatch rejected Pinnacor's July 8, 2003 counter-proposal and submitted a revised written proposal to acquire Pinnacor for approximately 6.25 million shares of MarketWatch common stock, plus cash in an amount equal to Pinnacor's cash balance at closing, net of transaction costs and outstanding debt.

On July 11, 2003, Pinnacor's M&A committee held a telephonic conference call with Messrs. Loevner and Obstler and Pinnacor's legal and financial advisors to discuss the status of negotiations of the proposed transaction and next steps.

On July 12, 2003, MarketWatch and its legal counsel delivered drafts of the merger agreement, the voting agreement, the affiliate agreement and the voting and waiver agreement for the proposed transaction to Pinnacor and its representatives. From July 12, 2003 through July 22, 2003, MarketWatch, Pinnacor and their representatives exchanged drafts of the merger agreement, the voting agreement, the affiliate agreement and the voting and waiver agreement and held extensive negotiations relating to the terms and conditions of those agreements, including, but not limited to, (i) the merger consideration, (ii) the treatment of stock options, restricted stock and warrants to purchase Pinnacor's common stock, (iii) the respective representations and warranties made by the parties, (iv) the various conditions to the closing of the merger, (v) the conduct of Pinnacor prior to closing, (vi) the termination and expense fees and the events triggering such fees, and (vii) the treatment of Pinnacor employees after completion of the proposed merger. During this time, the parties continued to perform their respective due diligence investigations.

On July 16, 2003, Pinnacor rejected MarketWatch's July 9, 2003 price proposal, and based on extensive discussions regarding Pinnacor's expected closing cash balance and other valuation matters, communicated a counter-proposal of approximately 6.6 million shares of MarketWatch common stock, plus cash in the amount of \$45.4 million. MarketWatch subsequently notified Pinnacor that its counter-offer was not accepted.

On July 17, 2003, after further price negotiations, in particular relating to the cash portion of the consideration, MarketWatch agreed to acquire Pinnacor for approximately 6.5 million shares of common stock, plus cash in the amount of \$44 million, subject to approval of the boards of directors of MarketWatch and Pinnacor. The parties agreed to negotiate the other transaction terms as part of the process of reaching agreement on definitive acquisition documents. The final agreement on consideration was reached after significant negotiations. Initially, based on its desire not to utilize its cash resources, MarketWatch sought to acquire Pinnacor solely for stock and require Pinnacor to distribute out its cash on its balance sheet that the parties agreed was not necessary for business purposes. After further negotiation and consultation with their respective advisors, the parties agreed that MarketWatch would acquire Pinnacor for a combination of cash and stock, with the \$44.0 million cash consideration being a negotiated amount that was based on estimates of Pinnacor's cash. Given the amount of cash consideration relative to the value of the stock consideration, the parties' respective tax advisors determined that the new holding company structure permitted the Pinnacor stockholders to receive the stock portion of the merger consideration on a tax-free basis.

On July 18, 2003, MarketWatch's board of directors held a telephonic meeting to discuss the status of negotiations of the proposed transaction and to meet with MarketWatch's management and its financial and legal advisors to discuss the current terms of the proposed merger. Following these discussions, MarketWatch's board of directors approved proceeding with the negotiations of the proposed transaction on the terms then under discussion.

Also on July 18, the Pinnacor M&A committee held a telephonic meeting with Pinnacor's management and legal and financial advisors to discuss MarketWatch's current proposal and the status of negotiations. After full discussion, the Pinnacor M&A committee authorized Pinnacor's management and advisors to continue negotiations with MarketWatch regarding the proposed transaction.



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From July 18 through July 22, 2003, MarketWatch and Pinnacor and their representatives continued to exchange revised drafts of the merger agreement, the voting agreement, the affiliate agreement and the voting and waiver agreement and participated in a series of conference calls in which they extensively negotiated the final terms of such agreements, subject to approval of the boards of directors of MarketWatch and Pinnacor. In the course of such negotiations, among other things, the merger consideration was agreed to, the representations and warranties made by Pinnacor were narrowed, the restrictions on the conduct of Pinnacor's business were refined, the conditions to the completion of the proposed merger and the provisions regarding termination of the merger agreement were limited, the amount of the termination fee was reduced and the events triggering payment of such fees were limited and the consequences of termination and the terms and delivery of the voting agreements were finalized.

On the morning of July 22, 2003, Pinnacor's board of directors held a telephonic meeting to discuss the status of negotiations of the proposed transaction and to meet with Pinnacor's senior management and legal and financial advisors. Members of Pinnacor's senior management and Pinnacor's advisors discussed with the Pinnacor board of directors the results of their business, operations, financial, accounting, regulatory, legal and other due diligence review of MarketWatch and reviewed the terms and conditions of the merger agreement that had been negotiated. Pinnacor's legal advisors made a presentation concerning the fiduciary duties under applicable law of Pinnacor's directors in considering the proposed business combination with MarketWatch. Pinnacor's legal advisors also outlined the major legal provisions of the transaction, including stockholder approval and restrictions to be imposed on Pinnacor by the no shop provision. A written copy of the summary of the terms of the merger agreement and the voting agreements, which had been distributed to each director, together with complete drafts of such documents, prior to the meeting, was reviewed. Also at this meeting, Citigroup reviewed with the Pinnacor board of directors its financial analysis of the Pinnacor merger consideration and informed the Pinnacor board of directors that, assuming no material changes in the transaction, it would be in a position to render to the Pinnacor board of directors in connection with the execution of the merger agreement an opinion as to the fairness, from a financial point of view, of the Pinnacor merger consideration to be received by holders of Pinnacor common stock. Citigroup's opinion was subsequently delivered to the Pinnacor board of directors that evening when the merger agreement was executed.

Pinnacor's board of directors engaged in extensive discussion and consideration of the proposed transaction, the potential alternatives to the transaction and the benefits and risks of entering into the merger agreement, including the possible effect on Pinnacor's existing business, compared to continuing as a stand alone entity. After full deliberation, the Pinnacor board of directors resolved (i) that it was 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, for Pinnacor to enter into a strategic business combination with MarketWatch upon the terms and subject to the conditions of the merger agreement, (ii) to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, and (iii) to recommend that the Pinnacor stockholders approve and adopt the merger agreement and the transactions contemplated by the merger agreement.

On July 22, 2003, MarketWatch's board of directors held a telephonic meeting to review the proposed terms of the merger and the merger agreement and voting agreements. MarketWatch's General Counsel described in detail to MarketWatch's board of directors the terms of the merger agreement and ancillary agreements and advised MarketWatch's board of directors of the legal standards applicable to their consideration of the proposed business combination with Pinnacor. A written copy of the summary of the terms of the merger agreement and the voting agreements, which had been distributed to each director prior to the meeting, together with complete drafts of such documents, was reviewed. Following that presentation, UBS made a presentation and explained their fairness opinion letter to MarketWatch's board of directors. After making its presentation and answering the questions of the board, UBS informed MarketWatch's board of directors that, assuming no material changes in the transaction, it would render to MarketWatch's board of directors in connection with the execution of the merger agreement an opinion as to the fairness to MarketWatch, from a financial point of view, of the consideration to be paid by Holdco to the holders of Pinnacor common stock in the transaction. After further deliberation with MarketWatch management and its advisors, MarketWatch's board of directors resolved (i) that

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it was advisable and in the best interests of MarketWatch and its stockholders to enter into a strategic combination with Pinnacor in order to advance the long-term strategic business interests of MarketWatch upon the terms and subject to the conditions set forth in the merger agreement, (ii) to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, and (iii) to recommend that the MarketWatch stockholders approve and adopt the merger agreement and the transactions contemplated by the merger agreement. UBS's opinion was subsequently delivered to MarketWatch's board of directors following execution of the merger agreement.

In the evening of July 22, 2003, MarketWatch and Pinnacor signed the merger agreement. Also in the evening of July 22, 2003, MarketWatch and certain Pinnacor stockholders entered into voting agreements pursuant to which those Pinnacor stockholders each agreed to vote their shares of Pinnacor common stock, representing in the aggregate approximately 27% of the outstanding Pinnacor common stock, in favor of the proposed business combination. In addition, Pinnacor, and CBS and Pearson, holders of approximately 65% of MarketWatch's outstanding common stock, entered into a voting and waiver agreement to vote in favor of the proposed business combination and to waive their participation rights to maintain their respective percentage ownership in Holdco comparable to their current respective percentage ownership in MarketWatch.

On July 23, 2003, MarketWatch and Pinnacor issued a joint press release announcing the transaction.

**Recommendation of the MarketWatch Board of Directors; MarketWatch's Reasons for the Merger with Pinnacor**

***Highlights of the MarketWatch Board Meeting to Approve the Merger***

At a meeting held on July 22, 2003, the MarketWatch board of directors unanimously:

determined that it was advisable and in the best interests of MarketWatch and its stockholders to enter into a strategic combination with Pinnacor in order to advance the long-term strategic business interests of MarketWatch upon the terms and subject to the conditions set forth in the merger agreement;

approved and adopted the merger agreement and the transactions contemplated by the merger agreement;

determined to recommend to the MarketWatch stockholders that they approve and adopt the merger agreement and the transactions contemplated by the merger agreement; and

directed that a special meeting of stockholders be called for the purpose of approving the MarketWatch merger and the issuance of Holdco common stock to the Pinnacor stockholders in connection with the Pinnacor merger.

***Material Information and Factors Considered When Making Merger Determination***

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Throughout the process, the MarketWatch board of directors consulted with MarketWatch's senior management, its legal advisors, including its General Counsel and its outside legal counsel, and its financial advisor, and considered the following material information and factors in reaching its determination to approve the merger with Pinnacor:

the reasons set forth below for why MarketWatch's board of directors believes that the merger is expected to be beneficial to MarketWatch and its stockholders;

the merger consideration, including the premium to be paid for each share of Pinnacor common stock, as well as the approximate 74% ownership interest in the combined company to be held by MarketWatch's stockholders;

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presentations by senior members of MarketWatch's management regarding the strategic advantages of combining with Pinnacor, operational aspects of the transaction and the results of management's operational and legal due diligence review;

the MarketWatch board of directors' knowledge of MarketWatch and the industries in which MarketWatch competes and its belief that the combined company will have increased business opportunities as a result of the merger;

the strength of the management team of the combined company;

current financial market conditions and historical market prices, volatility and trading information with respect to MarketWatch and Pinnacor common stock, including the consideration that Pinnacor stockholders would have the right to elect to receive for each share of Pinnacor common stock they own \$2.42 in cash or 0.2659 of a share of Holdco common stock, 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, was valued at \$2.42, and that the merger consideration for each share of Pinnacor common stock represents a premium of approximately nine percent over the trading value of Pinnacor common stock on July 22, 2003;

the view of MarketWatch's management as to the financial condition, results of operations, businesses prospects, operations technology, management and competitive position of MarketWatch and Pinnacor before and after giving effect to the merger with Pinnacor based on management's due diligence and publicly available reports filed with the Securities and Exchange Commission;

the strategic fit of MarketWatch and Pinnacor, including the belief that the merger with Pinnacor has the potential to enhance stockholder value through the numerous growth opportunities and synergies resulting from combining the two companies complementary strengths and assets, including additional opportunities for growth in customer base, penetration of new market segments, cross-promotions and operating efficiencies;

the opportunities and alternatives available to MarketWatch if the merger with Pinnacor were to not be undertaken, including pursuing an acquisition of, or business combination or joint venture with, entities other than Pinnacor;

the opportunities and alternatives available to Pinnacor if the merger with MarketWatch were to not be undertaken, including an acquisition of or combination with Pinnacor by a MarketWatch competitor;

the analyses and presentation of UBS on the financial aspects of the proposed merger and their written opinion to the effect that, as of July 22, 2003, 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, a copy of UBS's written opinion is attached to this joint proxy statement-prospectus as Annex B;

the terms and conditions of the merger agreement, including (i) the fact that the exchange ratio and the cash consideration for each share of Pinnacor common stock are fixed which is consistent with (A) MarketWatch's objective that its stockholders receive approximately 74% of the combined company regardless of changes in the trading price of the MarketWatch common stock after execution of the merger agreement, and (B) the parties' objective of distributing a specific amount of cash to Pinnacor's stockholders in the merger; (ii) the limitations on the interim business operations of each of MarketWatch and Pinnacor; (iii) the conditions to consummation of the merger; (iv) the circumstances under which the merger agreement could be terminated and the size and impact of the termination and expense fees associated with a termination; and (v) the advice of MarketWatch's financial and legal advisors that the provisions of the merger agreement were reasonable in the context of the transaction;

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the terms and conditions of the voting agreements with certain significant stockholders, executive officers and directors of Pinnacor and their affiliates to vote in favor of the merger with MarketWatch;

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the corporate governance arrangements established for the combined company, including the board composition and designation of key senior management, as well as the establishment of an integration committee, which are designed to promote the smooth integration of the businesses;

the likelihood of the completion of the merger with Pinnacor;

the expected tax treatment of the merger with Pinnacor for U.S. federal income tax purposes;

the interests of the officers and directors of MarketWatch and Pinnacor in the merger, including the matters described under *Interests of Certain MarketWatch Directors and Executive Officers in the Merger*, beginning on page 87; and

the impact of the merger on MarketWatch's stockholders, customers and employees.

***Material Positive Factors Considered***

The MarketWatch board of directors believes that the merger with Pinnacor will create a combined company that is a market-leading provider of online business news and financial applications to organizations in numerous industries, including banking, brokerage and media. By combining MarketWatch's premium-branded news, tools and charting capabilities with Pinnacor's broad set of financial applications and extensive customization and integration capabilities, the combined company is expected to be able to advance the strategic goals of MarketWatch and Pinnacor and will provide the potential for stronger operating and financial results than either company could achieve on its own.

The MarketWatch board of directors believes the following are key specific reasons that the merger of MarketWatch and Pinnacor will be beneficial to MarketWatch and in the best interests of its stockholders:

MarketWatch expects to be able to offer existing customers of each company new product offerings by selling MarketWatch news to existing Pinnacor customers and selling Pinnacor tools to existing MarketWatch customers. This cross-selling activity is expected to contribute to the improvement of MarketWatch's licensing business;

MarketWatch expects its ability to develop and bring new products and services to market and to further develop and improve existing products and services will, over time, be enhanced by the addition of Pinnacor's engineering, development and technical staff;

MarketWatch expects to be able to realize cost savings, estimated at \$5.7 million for fiscal 2004, through the elimination of redundant expenses in content provider and other agreements, data center operations and public company expenses, as well as through the elimination of some overlapping staff positions;

MarketWatch expects that the combined company will be able to compete more effectively in a rapidly changing and expanding, as well as highly competitive, environment;



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MarketWatch expects the merger to position the combined company to execute a long-term goal of licensing news and information services to financial services firms and institutional users;

MarketWatch expects to gain entry into a new business opportunity in providing content and tools to wireless access providers; and

MarketWatch expects to also gain new distribution outlets for its news product through corporate portals and intranets managed in part by Pinnacor.

### *Material Negative Factors Considered*

The MarketWatch board of directors also considered the potential adverse consequences of other factors on the proposed merger with Pinnacor, including:

the challenges of combining the businesses, assets and workforces of two companies and the risks of not achieving the expected operating efficiencies or growth;

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the risk of diverting management's focus and resources from other strategic opportunities and from operational matters while working to implement the merger;

the risk that, notwithstanding the long-term benefits of the merger, the combined company's financial results and stock price might decline in the short term;

the likelihood that the combined company will not begin to realize the benefits of the anticipated synergies and cost savings until 2004;

the risk that despite the efforts of the combined company, key management and other personnel may leave the combined company;

the risks associated with fluctuations in the stock prices of MarketWatch and Pinnacor common stock prior to the completion of the merger;

the risk of a disruption of sales momentum as a result of uncertainties created by the announcement of the merger;

the effect of the public announcement of the merger, or the failure to complete the merger, on the direction of MarketWatch's business, the demand for its products and services, its relationships with strategic partners and suppliers, its future operating results, its stock price and its ability to attract and retain key management and marketing, sales, technical and other personnel;

the substantial charges to be incurred in connection with the merger, including costs of integrating the businesses and transaction expenses arising from the merger;

based on the number of shares of MarketWatch common stock outstanding on July 22, 2003, the last full trading day prior to the public announcement of the proposed merger, upon the completion of the merger, former Pinnacor stockholders will hold approximately 26%, and former MarketWatch stockholders will hold approximately 74%, of the outstanding Holdco common stock, which represents a dilution to the equity interests of MarketWatch stockholders in connection with the merger of approximately 26%;

other applicable risks described in the section entitled "Risk Factors" beginning on page 29; and

the risk of payment of termination and expense fees to Pinnacor under the merger agreement if the merger with Pinnacor were not consummated.

This discussion of the information and factors considered by the MarketWatch board of directors is not intended to be exhaustive, but includes the material factors considered. The MarketWatch board did not assign any particular weight or rank to the factors it considered in approving the merger. In considering the factors described above, individual members of the MarketWatch board may have given them different weight. The MarketWatch board considered all these factors as a whole, and overall unanimously concluded that the above risks are outweighed by the potential benefits of the merger and determined that it is advisable, consistent with and in furtherance of MarketWatch's long-term business strategy, and in the best interests of MarketWatch and its stockholders, for MarketWatch to merge with Pinnacor upon the terms and subject to the conditions of the merger agreement.

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In considering the recommendation of the MarketWatch board of directors to approve and adopt the merger agreement, approve the MarketWatch merger and the issuance of Holdco common stock in the Pinnacor merger, MarketWatch stockholders should be aware that certain officers and directors of MarketWatch have interests in the proposed merger that are different from, or in addition to, the interests of MarketWatch's stockholders generally. The MarketWatch board of directors was aware of these interests and considered them in approving the merger agreement, the MarketWatch merger and the issuance of Holdco common stock in the Pinnacor merger. See the section entitled "Interests of Certain MarketWatch Directors and Executive Officers in the Merger" beginning on page 87.

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**Recommendation of the Pinnacor Board of Directors; Pinnacor's Reasons for the Merger with MarketWatch**

***Highlights of the Pinnacor Board Meeting to Approve the Merger***

At a meeting held on July 22, 2003, the Pinnacor board of directors unanimously:

determined that the 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;

approved and adopted the merger agreement, the Pinnacor merger and the transactions contemplated by the merger agreement and the Pinnacor merger;

directed that the proposed transaction be submitted for consideration by the Pinnacor stockholders at the Pinnacor special meeting;

resolved to recommend that the Pinnacor stockholders vote FOR the proposal to approve and adopt the merger agreement and approve the Pinnacor merger;

determined that as a result of the merger the value of the Pinnacor stockholders' investment is likely to be higher than what the value would be if Pinnacor were not to enter into the merger agreement; and

determined that the opportunities created by the merger to increase stockholder value more than offset the risks inherent in the merger.

***Material Information and Factors Considered When Making Merger Determination***

In reaching its decision, the Pinnacor board of directors consulted with Pinnacor's senior management, as well as its legal counsel and its financial advisor, and considered the following material factors.

***Material Positive and Neutral Factors Considered***

(1) the merger will present, based on the then current market price for MarketWatch common stock, the opportunity for the holders of Pinnacor common stock to receive a premium of approximately nine percent over the trading value of Pinnacor common stock on July 22, 2003, the last day of trading before public announcement of the proposed merger, while at the same time allowing Pinnacor's stockholders to participate in a combined company positioned to benefit from new growth opportunities;

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- (2) the Pinnacor board of directors' knowledge of Pinnacor and the industries in which the Pinnacor businesses compete and its belief that the combined company will compete in those industries more effectively as a result of the merger;
  
- (3) historical information concerning MarketWatch and Pinnacor's respective businesses, prospects, financial performance and condition, operations technology, management and competitive position, including public reports concerning results of operations during the most recent fiscal year and fiscal quarter for each company as filed with the Securities and Exchange Commission;
  
- (4) the strength of the management team of the combined company;
  
- (5) other strategic alternatives for Pinnacor, including organic growth as an independent company, the potential to enter into strategic relationships with third parties or acquire or combine with third parties, none of which the Pinnacor board believed would increase the value of a Pinnacor stockholder's investment more than the proposed business combination with MarketWatch;
  
- (6) management's view of the financial condition, results of operations and businesses of MarketWatch and Pinnacor before and after giving effect to the merger;
  
- (7) current financial market conditions and historical market prices, volatility and trading information with respect to the common stock of MarketWatch and Pinnacor;

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- (8) the written opinion, dated July 22, 2003, of Citigroup to the Pinnacor board as to the fairness, from a financial point of view and as of the date of the opinion, of the Pinnacor merger consideration, as more fully described below under the caption "Opinion of Pinnacor's Financial Advisor." A copy of Citigroup's written opinion is attached to this joint proxy statement-prospectus as Annex C;
- (9) the fact that the Pinnacor merger provides for a fixed exchange ratio for those Pinnacor stockholders who elect to receive shares of Holdco common stock as merger consideration and, as a result would be consistent with Pinnacor's objective that the Pinnacor stockholders would receive approximately 26% of the combined company, regardless of changes in the trading price of the MarketWatch common stock after execution of the merger agreement, even though the value of Holdco common stock to be received by Pinnacor stockholders upon the completion of the Pinnacor merger may be higher or lower than the value of MarketWatch common stock at the time the merger agreement was signed;
- (10) the ability of Pinnacor stockholders to elect to receive shares of Holdco common stock in the Pinnacor merger, thereby giving them the opportunity to continue as equity owners of the combined company after the Pinnacor merger;
- (11) the ability to complete the Pinnacor merger as a transaction in which Pinnacor stockholders will not recognize gain for U.S. federal income tax purposes, except to the extent of any cash received in exchange for their shares of Pinnacor common stock and except in connection with cash received for a fractional share of Holdco common stock;
- (12) the Pinnacor board of directors' belief, after considering the advice of counsel, that the parties should be able to satisfy all conditions to the completion of the merger, including the receipt of the necessary regulatory approvals, if any, in accordance with the terms of the merger agreement;
- (13) the terms of the merger agreement regarding third-party proposals, including (a) that the Pinnacor board of directors may, under certain circumstances, furnish information to a party making, and enter into discussions or negotiations regarding, a proposal that the Pinnacor board of directors concludes, after consultation with and taking into account advice from Pinnacor's financial advisor and outside legal counsel, may reasonably be expected to result in a superior proposal, (b) that the Pinnacor board of directors may withdraw or modify its recommendation of the Pinnacor merger after receiving a superior proposal and after determining, taking into account advice from its outside legal counsel, that submitting the superior proposal to the Pinnacor stockholders is necessary in order to comply with its fiduciary duties, (c) the potential payment to MarketWatch of a termination fee after terminating the merger agreement, and (d) the potential negative effect of such provisions, combined with voting agreements executed by stockholders representing approximately 27% of the shares of Pinnacor common stock outstanding, on a third party's willingness to acquire or otherwise combine with Pinnacor and that such provisions may discourage an alternative transaction that Pinnacor stockholders may consider more favorable or beneficial;
- (14) the fact that Pinnacor stockholders will have an opportunity to vote on the proposed merger;
- (15) the belief that the terms of the merger agreement, including the parties' representations, warranties and covenants and the conditions to their respective obligations, are reasonable;

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(16) the fact that both CBS and Pearson, holders of approximately 65% of the outstanding shares of MarketWatch common stock, entered into voting and waiver agreements whereby they agreed to vote in favor of the issuance of shares of Holdco common stock offered as consideration in the Pinnacor merger and agreed to waive the exercise of their participation rights with respect to the issuance of shares of Holdco common stock;

(17) the impact of the Pinnacor merger on the employees of Pinnacor, and the specific protections for Pinnacor employees, including the acceleration of all outstanding options, the maintenance of compensation and benefits through December 31, 2003, and a pro rata bonus payment earned in compliance with its bonus structure based on the number of days an employee was employed by Pinnacor, all of which were negotiated as part of the merger agreement; and

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(18) the interests that certain directors and executive officers of Pinnacor may have with respect to the Pinnacor merger in addition to their interests as stockholders of Pinnacor generally. See the section entitled *Interests of Certain Pinnacor Directors and Executive Officers in the Merger* beginning on page 88.

In reaching its determination, the Pinnacor board of directors considered the factors described above to be generally positive, as advantages or opportunities, with the exception of the factor described in clause (13) above, which figured both positively and negatively, and the factors described in clauses (9), (17) and (18) above, which the Pinnacor board of directors considered to be neutral.

***Material Negative Factors Considered***

The Pinnacor board of directors also identified and considered the following potentially negative material factors in its deliberations concerning the merger:

(1) the risk that the potential benefits sought in the merger might not be fully realized, including:

the belief of Pinnacor management that the combined company will not begin to realize the benefits of the anticipated synergies until 2004;

possible difficulties in integrating two organizations of the size and complexity of MarketWatch and Pinnacor, which could delay or negate some of the expected benefits of the merger;

the risk that, notwithstanding the long-term benefits of the merger, the financial results and stock price of the combined company might decline in the short term;

possible effects on the long-term stock price and financial results of the combined company if the benefits of the merger are not obtained on a timely basis or at all;

(2) the challenges of integrating the management teams, strategies, cultures and organizations of the companies;

(3) the risk that, despite the efforts of the combined company, key management and other personnel may leave the combined company;

(4) the risks associated with fluctuations in the stock price of MarketWatch and Pinnacor common stock prior to the completion of the merger;



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- (5) the risk of a disruption of sales momentum as a result of uncertainties created by the announcement of the merger;
  
- (6) the possibility that the merger might not be completed, even if approved by each company's stockholders, including the possible termination and expense fees payable by Pinnacor to MarketWatch;
  
- (7) the effect of the public announcement of the merger, or the possibility that the merger might not be completed, on demand for Pinnacor's products and services, relationships with strategic partners, operating results, stock price and ability to attract and retain key management and marketing, sales, technical and other employees;
  
- (8) the substantial charges to be incurred in connection with the merger, including costs of integrating the businesses and transaction expenses arising from the merger;
  
- (9) based on the number of shares of MarketWatch common stock outstanding on July 22, 2003, the last full trading day prior to the public announcement of the proposed merger, upon the completion of the merger, former Pinnacor stockholders will hold approximately 26%, and former MarketWatch stockholders will hold approximately 74%, of the outstanding Holdco common stock, which represents a dilution to the equity interests of Pinnacor stockholders in connection with the merger of approximately 74%; and

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(10) other applicable risks described in the section entitled "Risk Factors" beginning on page 29.

The Pinnacor board of directors believes that the above risks are outweighed by the potential benefits of the merger and determined that it is advisable, consistent with and in furtherance of Pinnacor's long-term business strategy, and fair to, and in the best interests of, Pinnacor and its stockholders, for Pinnacor to enter into a strategic business combination with MarketWatch on the terms and subject to the conditions of the merger agreement.

The Pinnacor board of directors did not find it necessary to, and did not quantify or otherwise assign relative weights to, the foregoing factors or determine that any factor was of particular importance. Rather, the Pinnacor board of directors views its recommendation as being based on the totality of the information presented to and considered by it. The Pinnacor board of directors considered all these factors and determined that these factors, as a whole, supported the conclusions and recommendations described above.

In considering the recommendation of the Pinnacor board of directors to approve and adopt the merger agreement and approve the Pinnacor merger, Pinnacor stockholders should be aware that certain directors and executive officers of Pinnacor have certain interests in the proposed merger that are different from, and in addition to, the interests of Pinnacor stockholders generally. The Pinnacor board of directors was aware of these interests and considered them in approving the merger agreement and the Pinnacor merger. See the section entitled "Interests of Certain Pinnacor Directors and Executive Officers in the Merger" beginning on page 88.

As of December 31, 2002, Pinnacor had net operating loss carryforwards of approximately \$74.9 million, which would be available to reduce future taxable income. Such loss carryforwards expire on various dates beginning in the year 2008 if not utilized. In addition, the amount of such carryforwards may currently be subject to limitation under the Internal Revenue Code section 382 ownership change rules and would become subject to further limitations, on account of such ownership change rules, as a result of the merger. While the Pinnacor board of directors was aware of the loss carryforwards, due to the uncertainties involved in the ability to utilize such loss carryforwards, the Pinnacor board of directors did not place significance on such loss carryforwards when evaluating continuation of Pinnacor on a standalone basis or in considering the impact of the merger.

**Opinion of MarketWatch's Financial Advisor**

On July 22, 2003, UBS delivered to the MarketWatch board of directors its written opinion to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in the 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 describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as Annex B and is incorporated into this joint proxy statement-prospectus by reference. UBS's opinion is directed only to the fairness, from a financial point of view, of the consideration to MarketWatch and does not address any other aspect of the transaction or any related transaction. The opinion does not address the relative merits of the transaction as compared to other business strategies or transactions that might be available with respect to MarketWatch or the underlying business decision of MarketWatch to effect the transaction. The opinion does not constitute a recommendation to any stockholder of MarketWatch as to how to vote with respect to the transaction. You are encouraged to read this opinion carefully in its entirety. The summary of UBS's opinion below is qualified in its entirety by reference to the full text of UBS's opinion.

In arriving at its opinion, UBS:

reviewed certain publicly available business and historical financial information relating to MarketWatch and Pinnacor;

reviewed certain internal financial information and other data relating to the business and financial prospects of MarketWatch, including estimates and financial forecasts prepared by the management of MarketWatch, that were provided to it by MarketWatch and not publicly available;

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reviewed certain internal financial information and other data relating to the business and financial prospects of Pinnacor, including estimates and financial forecasts prepared by managements of MarketWatch and Pinnacor and not publicly available;

conducted discussions with members of the senior managements of MarketWatch and Pinnacor concerning the respective businesses and financial prospects of MarketWatch, Pinnacor and the combined company;

reviewed publicly available financial and stock market data with respect to MarketWatch, Pinnacor and other companies in lines of businesses that UBS believed to be generally comparable to those of MarketWatch and Pinnacor;

compared the financial terms of the transaction with the publicly available financial terms of other transactions that UBS believed to be generally relevant;

considered pro forma effects of the merger on the combined company's financial statements and reviewed certain estimates of synergies expected to result from the merger prepared by the MarketWatch management;

reviewed drafts of the merger agreement; and

conducted other financial studies, analyses and investigations, and considered other information as UBS deemed necessary or appropriate.

In connection with its review, with MarketWatch's consent, UBS did not assume any responsibility for independent verification for any of the information reviewed by UBS for the purpose of its opinion and, with MarketWatch's consent, UBS relied on that information being complete and accurate in all material respects. With respect to the financial forecasts, estimates, pro forma effects and calculations of synergies that it reviewed, UBS assumed, at MarketWatch's direction, that they had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of each company as to the future performance of their respective companies and the combined company. In addition, UBS assumed, with MarketWatch's approval, that future financial results, including synergies, will be achieved at the times and in the amounts projected by the management of MarketWatch. In particular, UBS assumed that the aggregate cash portion of the consideration will be approximately equal to Pinnacor's cash balance at closing, less fees and expenses. UBS also assumed, with MarketWatch's consent, that the MarketWatch merger and the Pinnacor merger will qualify for U.S. federal income tax purposes as exchanges within the meaning of Section 351 of the Internal Revenue Code, and that the MarketWatch merger will also constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and the regulations promulgated thereunder. UBS further assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transaction would be obtained without any adverse effect on MarketWatch, Pinnacor, the combined company and/or the transaction.

UBS's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and information made available to UBS as of, the date of its opinion. UBS was not asked to, and it did not, offer any opinion as to the terms of the merger agreement or related documents or the form of the merger. In addition, at MarketWatch's direction, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities, contingent or otherwise, of MarketWatch or Pinnacor and was not furnished with any evaluation or appraisal. UBS expressed no opinion as to the value of the Holdco common stock when issued in the transaction or the prices at which the Holdco common stock will trade in the future. Except as described above, MarketWatch imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion.

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In connection with rendering its opinion to the MarketWatch board, UBS performed a variety of financial and comparative analyses which are summarized below. The analyses were based on the closing prices of MarketWatch and Pinnacor common stock on July 18, 2003. The following summary is not a complete description of all analyses performed or factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily

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susceptible to partial analysis or summary description. With respect to the analysis of selected public companies and the analysis of selected precedent transactions summarized below, no company or transaction used as a comparison is either identical or directly comparable to MarketWatch, Pinnacor or to the merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole, and that selecting portions of its analyses and factors without considering all analyses and factors could create a misleading or incomplete view of the processes underlying UBS's analyses and opinion. None of the analyses performed by UBS was assigned greater significance or reliance by UBS than any other. UBS arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis.

The estimates of the future performance of MarketWatch and Pinnacor provided by the MarketWatch management or derived from public sources in or underlying UBS's analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of MarketWatch and Pinnacor. Estimates of the financial value of companies do not necessarily purport to be appraisals or to reflect the prices at which companies actually may be sold.

The consideration to be paid to holders of Pinnacor common stock was determined through negotiation between MarketWatch and Pinnacor and the decision to enter into the merger agreement was solely that of the MarketWatch board of directors. UBS's opinion and financial analyses were only one of many factors considered by the MarketWatch board in its evaluation of the merger and should not be viewed as determinative of the views of the MarketWatch board of directors or management with respect to the merger or the merger consideration.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with the MarketWatch board of directors in connection with its opinion relating to the proposed merger. The financial analyses are consistent with the type of financial analyses UBS would generally undertake in transactions of this type. The financial analyses summarized below include information presented in tabular format. In order to fully understand UBS's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS's financial analyses.

*Enterprise Value Analysis.* UBS performed an enterprise value analysis comparing the relative enterprise value contribution of Pinnacor based on the market value of the MarketWatch common stock and Pinnacor common stock for the twelve months preceding July 18, 2003. This analysis indicated an enterprise value contribution of Pinnacor to MarketWatch equal to 27.8% on July 18, 2003. The following table sets forth the high, median and low enterprise value contributions for the time periods indicated:

<u>Period</u>	<u>High</u>	<u>Median</u>	<u>Low</u>
Current	27.8%	27.8%	27.8%
30-Day	28.6	25.7	20.7
60-Day	28.6	23.0	17.8
90-Day	28.6	21.0	6.0

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180-Day	28.6	14.2	2.7
1 year	28.6	7.2	(27.4)

*Contribution Analysis.* UBS reviewed the contributions of MarketWatch and Pinnacor to the combined company's revenue, earnings before interest, taxes, depreciation and amortization, or EBITDA, earnings before interest and taxes, or EBIT, and enterprise value for the estimated fiscal years 2003 and 2004 (such estimates

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provided by the respective company's management for 2003 and by the MarketWatch management for 2004). The enterprise value contribution analysis set forth below compares relative contribution at market prices versus relative contribution assuming the consideration paid to Pinnacor stockholders. This analysis indicated the following relative contributions (excluding synergies) of MarketWatch and Pinnacor:

	Percentage Contribution to	
	Combined Company	
	MarketWatch	Pinnacor
<b>Revenue</b>		
2003	58.8%	41.2%
2004	63.0	37.0
<b>EBITDA</b>		
2003	55.4	44.6
2004	67.9	32.1
<b>EBIT</b>		
2003	18.0	82.0
2004	71.1	28.9
<b>Enterprise Value</b>		
Market prices	71.7	28.3
Consideration to Pinnacor stockholders	66.1	33.9

*Discounted Cash Flow Analysis.* UBS performed a discounted cash flow analysis based on the stand-alone net present values of cash flows of MarketWatch and Pinnacor and pro forma net present values of cash flows of Pinnacor. UBS derived the implied reference ranges by applying a range of EBITDA terminal values of 6.0x to 12.0x and discount rates ranging from 12.0% to 18.0%. The multiples used for the EBITDA terminal values are consistent with the historical averages for MarketWatch and Pinnacor as well as other comparable companies. The discount rates used in the discounted cash flow analyses are discount rates that in the professional judgment of UBS are appropriate for use in connection with companies like MarketWatch and Pinnacor. The implied per share range referred to below is the price per share indicated by dividing the various values derived by analyses by the applicable number of outstanding shares of common stock. The following tables set forth the per share range of discounted cash flow values for MarketWatch and Pinnacor and for Pinnacor assuming all synergies are realized (based on estimates provided by the respective company's management for 2003 and by the MarketWatch management for 2004):

*Implied Per Share Range for MarketWatch*

\$7.63 - \$13.02

*Implied Per Share Range for Pinnacor*

\$1.56 - \$2.15

*Implied Per Share Range for Pinnacor with Synergies*

\$2.99 - \$4.95





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*Analysis of Comparable Companies and Other Information Services Companies.* UBS compared selected financial information for MarketWatch and Pinnacor with corresponding financial information of selected publicly held companies in the information services industry. UBS selected these companies for comparison because they are information service companies with operations in certain respects comparable to MarketWatch and Pinnacor. These companies included the following:

<u>Comparable Companies</u>	<u>Other Information Services Companies</u>
ProQuest Company	The Thomson Corporation
Barra, Inc.	Moody's Corporation
InfoSpace, Inc.	Reuters Group plc
OneSource Information Services, Inc.	Dow Jones & Company, Inc.
	The Dun & Bradstreet Corporation
	Interactive Data Corporation
	FactSet Research Systems Inc.

UBS reviewed the total enterprise values of the selected companies as a multiple of revenue and EBITDA for the latest twelve months and estimated fiscal years 2003 and 2004. Financial data for the selected companies were based on publicly available information available at the time of the announcement of the transaction. UBS compared the multiples derived from the selected companies with corresponding multiples for Pinnacor based on the consideration to be paid to Pinnacor stockholders on a stand alone basis and assuming all synergies are realized. This analysis indicated the following implied high, mean, median and low market value multiples for the selected companies by category and the implied multiples for the consideration to be paid to Pinnacor stockholders:

	<b>Total Enterprise Value as a Multiple of:</b>		
	<u>Latest twelve months revenue</u>	<u>Estimated fiscal year 2003 revenue</u>	<u>Estimated fiscal year 2004 revenue</u>
<b>Implied Multiples for Selected Comparable Companies</b>			
High	4.2x	3.9x	3.7x
Mean	2.2	2.1	1.9
Median	1.7	1.6	1.5
Low	1.2	1.2	1.1
<b>Implied Multiples for Selected Other Information Services Companies</b>			
High	8.0	7.8	7.1
Mean	3.9	3.7	3.4
Median	3.0	2.9	2.7
Low	0.8	1.0	1.0
<b>Implied Multiple for MarketWatch</b>	2.5	2.4	1.9
<b>Implied Multiples for Pinnacor Consideration</b>			
Pinnacor	1.7	1.7	1.6
Pinnacor including 100% of synergies	1.7	1.7	1.5

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	Total Enterprise Value as a Multiple of:		
	Latest twelve months	Estimated fiscal year	Estimated fiscal year
	EBITDA	2003 EBITDA	2004 EBITDA
<b>Implied Multiples for Selected Comparable Companies</b>			
High	20.2x	12.7x	11.1x
Mean	11.6	9.7	8.1
Median	9.7	10.0	8.0
Low	6.5	5.9	5.4
<b>Implied Multiples for Selected Other Information Services Companies</b>			
High	16.5	15.7	13.5
Mean	12.2	12.0	10.9
Median	10.8	10.9	10.9
Low	7.5	8.3	7.5
<b>Implied Multiple for MarketWatch</b>	NM*	13.4	11.3
<b>Implied Multiples for Pinnacor Consideration</b>			
Pinnacor	NM	17.5	14.8
Pinnacor including 100% of synergies	NM	13.4	4.9

\* NM = Not meaningful.

*Analysis of Selected Precedent Transactions.* UBS reviewed the implied enterprise values in the selected merger and acquisition transactions in the financial data and/or technology industries announced in 2002 and 2003 set forth in the table below. UBS selected these transactions for comparison because they relate to acquisitions of companies in certain respects comparable to MarketWatch and Pinnacor.

Acquiror	Target
Yahoo! Inc.	Overture Services Inc.
USA Interactive, Inc.	Lending Tree, Inc.
USA Interactive, Inc.	Hotels.com
USA Interactive, Inc.	Expedia, Inc.
Reuters Group plc	Multex.com Inc.
Interactive Data Corporation	S&P Comstock, Inc.
The Dun & Bradstreet Corporation	Hoover s, Inc.

UBS reviewed the enterprise value in the selected transactions as multiples of latest twelve months and estimated 2003 revenue and EBITDA. UBS then compared the implied multiples derived from the selected transactions with corresponding multiples implied in the merger. Multiples for the selected transactions were based on publicly available information available at the time of the announcement of the transaction. This analysis indicated the following implied enterprise value multiples in the selected transactions, as compared to the multiples implied in the merger:

Total Enterprise Value as a Multiple of:			
Latest twelve months	Estimated 2003	Latest twelve months	Estimated 2003

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	<u>Revenue</u>	<u>Revenue</u>	<u>EBITDA</u>	<u>EBITDA</u>
High	11.2x	7.8x	40.3x	27.4x
Mean	3.5	2.8	26.1	19.0
Median	2.3	2.1	25.6	19.4
Low	0.7	0.6	12.8	12.3
Pinnacor consideration	1.7	1.7	NM*	17.5
Pinnacor consideration (including 100% of synergies)	1.7	1.7	NM	13.4

\* NM = Not meaningful.

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*Historical Premiums Paid Analysis.* UBS reviewed selected purchase price per share premiums paid or to be paid in mergers and acquisitions in excess of \$25 million in the technology industry, announced from January 1, 2002 through July 22, 2003. This analysis indicated high, mean, median and low premiums to the targets' closing stock prices prior to the announcement of the applicable transaction as set forth in the following table. This analysis also indicated implied premiums for Pinnacor for the periods indicated and current premiums as indicated in the table below.

	<b>Historical Premiums Paid</b>		
	<b>1 Week</b>	<b>1 Month</b>	<b>3 Month</b>
High	239.6%	267.5%	560.0%
Mean	42.9	48.8	69.4
Median	30.4	36.5	63.2
Low	(15.3)	(22.7)	(38.7)
Implied Pinnacor consideration premium	10.6	31.4	90.2
Pinnacor consideration premium to current enterprise value			30.0%
Pinnacor consideration premium to current price			10.6

*EPS Accretion/Dilution Analysis.* UBS analyzed the potential pro forma financial effect of the merger on MarketWatch based on the combined company's estimated earnings per share for the fourth quarter of 2003 and fiscal year 2004, assuming net cost synergies in the fourth quarter of 2003 and net cost and revenue synergies in 2004. This analysis indicated that the merger would be accretive to MarketWatch's estimated earnings per share in the fourth quarter of 2003 and for the fiscal year 2004, excluding one-time restructuring charges, the expensing of in process research and development and the amortization of intangibles. The actual results achieved by the combined company may vary from projected results and the variations may be material.

*Other Factors.* In rendering its opinion, UBS also reviewed and considered other factors, including:

the historical price performance and trading volumes for the MarketWatch common stock and Pinnacor common stock; and

other financial, synergy and cash balance analyses provided by the MarketWatch management.

*Miscellaneous.* Under the terms of its engagement, subject to the closing of the merger, MarketWatch has agreed to pay UBS a fee of \$750,000 for services delivered in connection with the merger. In addition, MarketWatch has agreed to reimburse UBS for its reasonable expenses, including fees and disbursements of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. Over the past two years, MarketWatch has not paid to UBS any other fees for banking and related services.

MarketWatch selected UBS as its financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions and is familiar with MarketWatch and its business. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

In the ordinary course of business, UBS, its successors and its affiliates may actively trade in the securities of MarketWatch and Pinnacor for their own accounts and the accounts of their customers and, accordingly, may at any time hold a long or short position in those securities.

**Opinion of Pinnacor's Financial Advisor**

Pinnacor has retained Citigroup as its exclusive financial advisor in connection with the transaction. In connection with this engagement, Pinnacor requested that Citigroup evaluate the fairness, from a financial point

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of view, of the consideration provided for in the Pinnacor merger. Citigroup delivered to the Pinnacor board of directors a written opinion, dated July 22, 2003, to the effect that, as of that date and based on and subject to the matters described in its opinion, the Pinnacor merger consideration was fair, from a financial point of view, to holders of Pinnacor common stock.

In arriving at its opinion, Citigroup:

reviewed execution forms of the merger agreement and related documents;

held discussions with senior officers, directors and other representatives and advisors of Pinnacor and senior officers and other representatives and advisors of MarketWatch concerning the businesses, operations and prospects of Pinnacor and MarketWatch;

examined publicly available business and financial information relating to Pinnacor and MarketWatch;

examined financial forecasts, including adjustments to such forecasts, and other information and data for Pinnacor and MarketWatch provided to or otherwise discussed with Citigroup by the managements of Pinnacor and MarketWatch, including information relating to the potential strategic implications and operational benefits anticipated by the managements of Pinnacor and MarketWatch to result from the transaction;

reviewed the financial terms of the transaction as described in the merger agreement in relation to, among other things, current and historical market prices and trading volumes of Pinnacor common stock and MarketWatch common stock, historical and projected operating data of Pinnacor and MarketWatch, and the capitalization and financial condition of Pinnacor and MarketWatch;

considered, to the extent publicly available, the financial terms of other transactions effected that Citigroup considered relevant in evaluating the transaction;

analyzed financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Pinnacor and MarketWatch;

evaluated potential pro forma financial effects of the transaction on MarketWatch; and

conducted other analyses and examinations and considered other financial, economic and market criteria as Citigroup deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without independent verification, on the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with it and upon the assurances of the managements of Pinnacor and MarketWatch that no relevant information was omitted or remained undisclosed to Citigroup. With respect to financial forecasts and information and data relating to Pinnacor and MarketWatch provided to or otherwise reviewed by Citigroup, Citigroup was advised by the managements of Pinnacor and MarketWatch that the forecasts (including adjustments to such forecasts) and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Pinnacor and MarketWatch as to the future financial performance of Pinnacor and MarketWatch, the potential strategic implications and

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operational benefits (including their amount, timing and achievability) anticipated to result from the transaction and the other matters covered by such forecasts and other information and data. Citigroup also assumed, with Pinnacor's consent, that the transaction would be consummated in accordance with its terms without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory and third-party approvals, consents and releases for the transaction, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Pinnacor or MarketWatch or the contemplated benefits of the transaction. Representatives of Pinnacor advised Citigroup, and Citigroup further assumed, that the final terms of the merger agreement and related documents would not vary materially from those reflected in the execution forms reviewed by Citigroup. Citigroup also assumed, with Pinnacor's consent, that the transaction



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would be treated as a tax-free transaction for Pinnacor, MarketWatch and Holdco for U.S. federal income tax purposes. Citigroup did not express any opinion as to what the value of Holdco common stock actually would be when issued or the price at which Holdco common stock would trade or otherwise be transferable at any time.

Citigroup did not make, and was not provided with, an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of Pinnacor or MarketWatch, and did not make any physical inspection of properties or assets of Pinnacor or MarketWatch. Citigroup was not requested to, and it did not, solicit third-party indications of interest in the possible acquisition of all or a part of Pinnacor. Citigroup also was not requested to consider, and its opinion did not address, the relative merits of the transaction as compared to any alternative business strategies that might exist for Pinnacor or the effect of any other transaction in which Pinnacor might engage. Citigroup's opinion was necessarily based on information available, and financial, stock market and other conditions and circumstances existing and disclosed, to Citigroup as of the date of its opinion. Although Citigroup evaluated the Pinnacor merger consideration from a financial point of view, Citigroup was not asked to and it did not recommend the specific consideration payable in the transaction, which was determined through negotiation between Pinnacor and MarketWatch. Except as described above, Pinnacor imposed no other instructions or limitations on Citigroup with respect to the investigations made or procedures followed by Citigroup in rendering its opinion.

**The full text of Citigroup's written opinion dated July 22, 2003, which describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached to this joint proxy statement-prospectus as Annex C and is incorporated into this joint proxy statement-prospectus by reference. Citigroup's opinion was provided to the Pinnacor board of directors in connection with its evaluation of the Pinnacor merger consideration and relates only to the fairness of the Pinnacor merger consideration from a financial point of view, 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.**

In preparing its opinion, Citigroup performed a variety of financial and comparative analyses, including those described below. The summary of these analyses is not a complete description of the analyses underlying Citigroup's opinion. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to summary description. Accordingly, Citigroup believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Citigroup considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its opinion, many of which are beyond the control of Pinnacor and MarketWatch. No company, transaction or business used in those analyses as a comparison is identical to Pinnacor, MarketWatch or the transaction, and an evaluation of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed.

The estimates contained in Citigroup's analyses and the valuation ranges resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by its analyses. In addition, analyses relating to the value of businesses or securities do not necessarily purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates contained in, and the results derived from, Citigroup's analyses are inherently subject to substantial uncertainty.



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Citigroup's opinion and analyses were only one of many factors considered by the Pinnacor board of directors in its evaluation of the transaction and should not be viewed as determinative of the views of the Pinnacor board or management with respect to the transaction or the consideration payable to holders of Pinnacor common stock in the transaction.

The following is a summary of the material financial analyses, each of which is a standard valuation methodology customarily undertaken in transactions of this type, performed by Citigroup in connection with the rendering of its opinion to the Pinnacor board of directors. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Citigroup's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Citigroup's financial analyses.** For purposes of the summary of Citigroup's financial analyses, the term implied per share value of the Pinnacor merger consideration refers to the cash election consideration in the Pinnacor merger of \$2.42 per share and the implied per share value of the stock election consideration in the Pinnacor merger based on the exchange ratio provided for in the Pinnacor merger of 0.2659 and the per share closing price of MarketWatch common stock on July 22, 2003 of \$9.10.

***Pinnacor Analyses******Selected Companies Analysis***

Using publicly available information, Citigroup reviewed the market values and trading multiples of Pinnacor and the following 11 selected publicly held companies in the financial data provider and subscription-focused financial data provider industries:

**Financial Data Providers**


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The Thomson Corporation  
Reuters Group plc  
The Dun & Bradstreet Corporation  
Interactive Data Corporation  
Barra, Inc.  
Value Line, Inc.

**Subscription-Focused Financial Data Providers**


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FactSet Research Systems Inc.  
Advent Software, Inc.  
TheStreet.com, Inc.  
OneSource Information Services, Inc.  
EDGAR Online, Inc.

All multiples were based on closing stock prices on July 22, 2003, the last trading day before public announcement of the proposed transaction. Estimated financial data for the selected companies were based on publicly available research analysts' estimates. Estimated financial data for Pinnacor were based on internal estimates of Pinnacor's management. Citigroup compared firm values, calculated as equity value plus debt less cash and cash equivalents, as multiples of calendar year 2003 estimated revenue and earnings before interest, taxes, depreciation and amortization, referred to as EBITDA. Citigroup then applied a range of selected multiples of calendar year 2003 estimated revenue and EBITDA derived generally from Pinnacor's trading multiples and the trading multiples of the selected companies, taking into account, among other things, the market capitalization and historical and projected EBITDA performance of the selected companies relative to those of Pinnacor, to corresponding financial data of Pinnacor. This analysis indicated the following approximate implied per share equity reference range for Pinnacor, as compared to the implied per share value of the Pinnacor merger consideration:

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Implied Per Share Equity

Implied Per Share Value of

Reference Range for Pinnacor

Pinnacor Merger Consideration

\$1.90 - \$2.25

\$2.42

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*Precedent Transactions Analysis*

Using publicly available information, Citigroup reviewed the transaction value multiples paid in the following eight selected transactions in the financial data provider and other technology-related industries:

Acquiror	Target
Reuters Group plc	Multex.com Inc.
SunGard Data Systems Inc.	HTE Inc.
SunGard Data Systems Inc.	Caminus Corp.
Interactive Data Corporation	S&P ComStock Inc.
The Dun & Bradstreet Corporation	Hoover's, Inc.
Fidelity National Information Solutions, Inc.	Factual Data Corp.
Moody's Corp.	KMV LLC
TIBCO Software Inc.	Talarian Corp.

All multiples for the selected transactions were based on publicly available financial information at the time of announcement of the relevant transaction. Estimated financial data for Pinnacor were based on internal estimates of Pinnacor's management. Citigroup compared firm values in the selected transactions as multiples of calendar year 2003 estimated revenue and EBITDA. Citigroup then applied a range of selected multiples of calendar year 2003 estimated revenue and EBITDA derived from the selected transactions to corresponding data of Pinnacor for calendar year 2003 and for the 12 months ending March 31, 2004, with particular focus on the EBITDA performance of Pinnacor and the target companies involved in the selected transactions and on the EBITDA multiples derived from the Multex.com Inc./Reuters Group plc and Hoovers, Inc./The Dun & Bradstreet Corporation transactions given that the target companies' calendar year 2003 EBITDA generally was not publicly available for the other selected transactions. This analysis indicated the following approximate implied per share equity reference range for Pinnacor, as compared to the implied per share value of the Pinnacor merger consideration:

Implied Per Share Equity Reference Range for Pinnacor	Implied Per Share Value of Pinnacor Merger Consideration
\$2.15 - \$2.45	\$2.42

*Discounted Cash Flow Analysis*

Citigroup performed a discounted cash flow analysis to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that Pinnacor could generate over calendar years 2003 through 2008 under two cases, a management case, which was based on internal estimates of Pinnacor's management for calendar years 2003 and 2004 and extrapolated for calendar years 2005 through 2008 based on guidance from Pinnacor's management, and an adjusted case, which was based on the management case adjusted downward to reflect a 50% sensitivity to Pinnacor's calendar year 2004 revenue growth as estimated by Pinnacor's management and lower long-term EBITDA margins. Given Pinnacor's lack of pre-tax operating income historically against which net operating loss carryforwards, referred to as NOLs, could be utilized and the absence of a business plan prepared by Pinnacor's management reflecting Pinnacor's ability to utilize NOLs in the future, the possible impact, if any, of Pinnacor's NOLs was excluded in each case for purposes of the analysis. Citigroup derived an implied equity reference range for Pinnacor by applying a range of EBITDA terminal value multiples of 8.0x to 10.0x to Pinnacor's calendar year 2008 estimated EBITDA under each case. In selecting this EBITDA terminal value multiples range, Citigroup considered the trading multiples of the financial data provider

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companies referred to above under Pinnacor Analyses Selected Companies Analysis. The present value of the cash flows and terminal values were calculated using discount rates ranging from 10.0% to 18.0%, based generally on the weighted average cost of capital for Pinnacor and the selected companies referred to above under Pinnacor Analyses Selected Companies Analysis and below under MarketWatch Analyses Selected Companies Analysis (other than The Thomson Corporation, The Dun & Bradstreet Corporation, Interactive Data Corporation and FactSet Research Systems Inc. given their larger market capitalization relative to Pinnacor and the other selected companies). This analysis indicated the following

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approximate implied per share equity reference ranges for Pinnacor under each case, as compared to the implied per share value of the Pinnacor merger consideration:

<b>Implied Per Share Equity</b>		<b>Implied Per Share Value of</b>
<b>Reference Range for Pinnacor</b>		
<b>Management Case</b>	<b>Adjusted Case</b>	<b>Pinnacor Merger Consideration</b>
\$2.11 - \$2.77	\$1.94 - \$2.50	\$2.42

***MarketWatch Analyses***

***Selected Companies Analysis***

Using publicly available information, Citigroup reviewed the market values and trading multiples of MarketWatch and the following nine selected publicly held companies in the online media industry:

- Yahoo! Inc.
- Monster Worldwide, Inc.
- aQuantive, Inc.
- Ask Jeeves, Inc.
- CNET Networks, Inc.
- FindWhat.com
- LookSmart, Ltd.
- Bankrate, Inc.
- TheStreet.com, Inc.

All multiples were based on closing stock prices on July 22, 2003. Estimated financial data for the selected companies were based on publicly available research analysts' estimates. Estimated financial data for MarketWatch were based on internal estimates of MarketWatch's management. Citigroup compared firm values as multiples of calendar year 2003 estimated revenue and calendar years 2003 and 2004 estimated EBITDA. Citigroup then applied a range of selected multiples of calendar year 2003 estimated revenue and calendar years 2003 and 2004 estimated EBITDA derived generally from MarketWatch's trading multiples and the trading multiples of the selected companies, excluding outliers and taking into account, among other things, the business model of the selected companies relative to that of MarketWatch, to corresponding financial data of MarketWatch. This analysis indicated the following approximate implied per share equity reference range for MarketWatch, as compared to the closing price of MarketWatch common stock on July 22, 2003:

<b>Implied Per Share Equity</b>	<b>Closing Price of MarketWatch</b>
<b>Reference Range for MarketWatch</b>	<b>Common Stock on July 22, 2003</b>

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\$7.00 - \$10.50

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\$9.10

*Discounted Cash Flow Analysis*

Citigroup performed a discounted cash flow analysis to calculate the estimated present value of the standalone unlevered, after-tax free cash flows that MarketWatch could generate over calendar years 2003 through 2008. Estimated financial data for MarketWatch were based on internal estimates of MarketWatch's management as adjusted by Pinnacor's management. In order to conform to the approach undertaken in Citigroup's discounted cash flow analysis on Pinnacor, the possible impact, if any, of MarketWatch's NOLs was excluded for purposes of this analysis. Citigroup derived an implied equity reference range for MarketWatch by applying a range of EBITDA terminal value multiples of 8.0x to 10.0x to MarketWatch's calendar year 2008 estimated EBITDA. Given the history of negative EBITDA performance until 2003 among most of the selected companies referred to above under MarketWatch Analyses Selected Companies Analysis, in selecting this EBITDA terminal value multiples range, Citigroup considered the trading multiples of the financial data provider companies referred to above under Pinnacor Analyses Selected Companies Analysis. The present value of the cash flows and terminal values were calculated using discount rates ranging from 10.0% to 18.0%, based generally on the weighted average cost of capital for Pinnacor and the selected companies referred to above under Pinnacor Analyses Selected Companies Analysis and MarketWatch Analyses Selected Companies Analysis (other than The Thomson Corporation,



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The Dun & Bradstreet Corporation, Interactive Data Corporation and FactSet Research Systems Inc. given their larger market capitalization relative to MarketWatch, Pinnacor and the other selected companies). This analysis indicated the following approximate implied per share equity reference range for MarketWatch, as compared to the closing price of MarketWatch common stock on July 22, 2003:

Implied Per Share Equity	Closing Price of MarketWatch
Reference Range for MarketWatch	Common Stock on July 22, 2003
\$7.05 - \$10.06	\$9.10

*Illustrative Pro Forma Analysis*

Citigroup reviewed hypothetical trading prices of Holdco common stock derived by applying the calendar year 2004 estimated EBITDA trading multiple for MarketWatch based on the closing price of MarketWatch common stock on July 22, 2003 to the combined calendar year 2004 estimated EBITDA for Pinnacor and MarketWatch, under three synergy scenarios, referred to as Case 1, Case 2 and Case 3. Case 1 assumed that 100% of the potential synergies anticipated by the managements of Pinnacor and MarketWatch to result from the transaction were realized. Cases 2 and 3 assumed 50% and 0% realization of anticipated potential synergies, respectively, in order to review hypothetical trading prices of Holdco common stock in the event that anticipated potential synergies were not fully realized. Citigroup then compared these hypothetical trading prices to the closing price of MarketWatch common stock on July 22, 2003. Citigroup also reviewed the calendar year 2004 estimated EBITDA trading multiples for Holdco under each synergy scenario that would result in Holdco common stock having a trading price equal to the closing price of MarketWatch common stock on July 22, 2003, referred to as the breakeven trading multiples. Estimated financial data for Pinnacor were based on internal estimates of Pinnacor's management, and estimated financial data for MarketWatch were based on internal estimates of MarketWatch's management. Estimates of potential synergies were developed by the managements of Pinnacor and MarketWatch for use in evaluating the transaction. This analysis indicated that, based on the calendar year 2004 estimated EBITDA trading multiple for MarketWatch derived from the closing price of MarketWatch common stock on July 22, 2003, the proposed transaction could be accretive to the hypothetical trading prices derived for Holdco common stock under each synergy scenario considered. This analysis also indicated the following calendar year 2004 estimated EBITDA breakeven trading multiples for Holdco under each synergy scenario:

Calendar Year 2004 Estimated		
EBITDA Breakeven Trading Multiple for Holdco		
With 0%	With 50%	With 100%
Synergies	Synergies	Synergies
14.6x	11.7x	9.4x

The actual results achieved by Holdco may vary from projected results and the variations may be material. Citigroup did not express any opinion as to what the value of Holdco common stock actually would be when issued or the price at which Holdco common stock would trade or otherwise be transferable at any time.

*Other Factors*

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In rendering its opinion, Citigroup also reviewed and considered other factors for informational purposes, including:

the relationship between movements in Pinnacor common stock and MarketWatch common stock, movements in the common stock of selected companies in related industries and movements in the Nasdaq Composite Index;

the trading volume of Pinnacor common stock at various price ranges during the one-year period ended July 22, 2003;

the multiples of Pinnacor's and MarketWatch's calendar year 2002 revenue and EBITDA and calendar years 2003 and 2004 estimated revenue and EBITDA implied by the closing prices of Pinnacor common stock and MarketWatch common stock on July 22, 2003;

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the premiums implied for Pinnacor in the Pinnacor merger relative to the closing price of Pinnacor common stock and the corresponding firm value for Pinnacor on July 22, 2003 and the average closing prices of Pinnacor common stock and the corresponding firm values for Pinnacor over various trading periods ended July 22, 2003, based on the closing price of MarketWatch common stock and the average closing prices of MarketWatch common stock over the same trading periods;

the multiples of Pinnacor's calendar year 2002 revenue and EBITDA and estimated revenue and EBITDA for calendar years 2003 and 2004 and for the four fiscal quarters ending March 31, 2004 implied by the Pinnacor merger consideration; and

illustrative implied per share values for the Pinnacor merger consideration based on a range of hypothetical calendar year 2004 estimated EBITDA trading multiples for Holdco common stock, assuming that 100% of the potential synergies anticipated by the managements of Pinnacor and MarketWatch to result from the transaction were realized and that all holders of Pinnacor common stock elected to receive stock election consideration in the Pinnacor merger and received a prorated portion of the cash election consideration.

*Miscellaneous*

Under the terms of its engagement, Pinnacor has agreed to pay Citigroup for its financial advisory services upon completion of the transaction an aggregate fee based on the total consideration payable in the transaction. The aggregate fee payable to Citigroup is currently estimated to be approximately \$1.1 million. Pinnacor also has agreed to reimburse Citigroup for reasonable travel and other expenses incurred by Citigroup in performing its services, including reasonable fees and expenses of its legal counsel, and to indemnify Citigroup and related persons against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

In the ordinary course of business, Citigroup and its affiliates may actively trade or hold the securities of Pinnacor and MarketWatch for their own account or for the account of customers and, accordingly, may at any time hold a long or short position in those securities. Citigroup and its affiliates in the past have provided services to affiliates of Pinnacor unrelated to the transaction, for which services Citigroup and its affiliates have received compensation totaling approximately \$9.0 million during the past two years. Citigroup and its affiliates also in the past have provided, and in the future may provide, services to MarketWatch and its affiliates, and currently are providing services to affiliates of MarketWatch, unrelated to the transaction, for which services Citigroup and its affiliates have received and expect to receive compensation. In addition, Citigroup and its affiliates, including Citigroup Inc. and its affiliates, may maintain relationships with Pinnacor, MarketWatch and their respective affiliates.

Pinnacor selected Citigroup as its exclusive financial advisor based on Citigroup's reputation, experience and familiarity with Pinnacor and its business. Citigroup is an internationally recognized investment banking firm that regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

**Interests of Certain MarketWatch Directors and Executive Officers in the Merger**

In considering the recommendation of the board of directors of MarketWatch to vote for the proposal to adopt the merger agreement, MarketWatch stockholders should be aware that the executive officers and members of the board of directors of MarketWatch have agreements or arrangements that provide them with interests in the merger that differ from, or are in addition to, those of MarketWatch stockholders

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generally. The MarketWatch board of directors was aware of these agreements and arrangements during its deliberations of the merits of the merger with Pinnacor and in determining to recommend to the stockholders of MarketWatch that they vote for the approval of the merger agreement. These agreements and arrangements are summarized below.

*Governance Structure and Management Positions after the Merger.* We have agreed that, after the completion of the merger, Holdco will have eleven directors comprised of (i) the current nine directors of

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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, Jeffrey Rapport, Douglas W. McCormick 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. Moreover, each committee of the board of directors of the combined company will, at the closing, be comprised of the same directors currently designated by MarketWatch on its comparable committees of its board of directors. In accordance with the existing practice of MarketWatch, it is expected that the directors of the combined company who are also full-time employees of the combined company, or its operating subsidiaries, MarketWatch and Pinnacor after the merger, and the directors of the combined company who are deemed to be affiliates will receive no additional compensation for their services as directors. Although the compensation to be paid to each non-employee and independent director of the combined company has not been determined by the board of the combined company, we currently anticipate that their compensation will be substantially comparable to MarketWatch's current compensation structure for its non-employee and independent directors. For a description of the current compensation arrangement with the directors of MarketWatch, see page 130.

Furthermore, the current MarketWatch executive officers will become the executive officers of the combined company. Although the compensation structure for the executive officers of the combined company has not been determined by the board of the combined company, we currently anticipate that their compensation will be substantially comparable to MarketWatch's current compensation structure for its executive officers. For a description of the compensation structure and employment agreements of the current executive officers of MarketWatch, see pages 133 and 135.

*MarketWatch Stock Options.* Pursuant to the terms of the merger agreement, each MarketWatch stock option granted to MarketWatch executive officers and non-employee directors outstanding immediately prior to the completion of the merger will be converted, upon the completion of the merger, 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. Each outstanding stock option will continue to be governed by the terms of MarketWatch's 1998 stock incentive plan and the respective stock option agreement after the completion of the merger. The completion of the merger will not affect the exercisability or vesting schedule of the stock options previously granted to MarketWatch executive officers and non-employee directors. Subject to the receipt of the requisite vote of the MarketWatch and Pinnacor stockholders approving Holdco's 2004 stock incentive plan, all new stock options to purchase Holdco common stock to be granted to executive officers and non-employee directors of Holdco are expected to be governed by Holdco's 2004 stock incentive plan described on page 195.

As of November 19, 2003, the directors and executive officers of MarketWatch beneficially owned 1,299,151 shares of MarketWatch common stock, including stock options to purchase 1,193,248 shares of MarketWatch common stock, exercisable within 60 days of November 19, 2003, collectively representing approximately 7.0% of the outstanding shares of MarketWatch common stock.

*Section 16.* MarketWatch has agreed to approve in advance the disposition of MarketWatch common stock and the acquisition of Holdco common stock by any officer or director of MarketWatch who is subject to Section 16 of the Exchange Act with the intent of exempting these transactions from Section 16(b) of the Exchange Act.

**Interests of Certain Pinnacor Directors and Executive Officers in the Merger**

In considering the recommendation of the board of directors of Pinnacor to vote for the proposal to adopt the merger agreement, stockholders of Pinnacor should be aware that the executive officers and members of the board of directors of Pinnacor have agreements or arrangements that provide them with interests in the Pinnacor merger that differ from, or are in addition to, those of Pinnacor stockholders generally. The Pinnacor board of directors was aware of these agreements or arrangements during its deliberations of the merits of the merger with



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MarketWatch and in determining to recommend to the Pinnacor stockholders that they vote for the approval of the merger agreement. These agreements or arrangements are summarized below.

*Bonus and other Severance Arrangements.* In 2003, in recognition of services provided in connection with the merger agreement, the Pinnacor board of directors approved a bonus of \$300,000 payable to each of Kirk Loevner and David Obstler upon the occurrence of the following events:

to Mr. Loevner, a one-time payment of \$300,000 in the event of a termination or constructive termination of Mr. Loevner's employment within 12 months after the closing of the Pinnacor merger; and

to Mr. Obstler, a payment of \$150,000 upon the closing of the Pinnacor merger and a payment of \$150,000 upon the termination or constructive termination of Mr. Obstler's employment within 12 months after the closing of the Pinnacor merger.

In addition, Pinnacor currently maintains employment agreements with Mr. Loevner, Mr. Obstler and William Staib pursuant to which each of them is entitled to receive a severance payment in the event that his 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 will be triggered if the executive officer is terminated as a result of the merger if such executive officer is terminated without cause. In the event of such a termination of employment and assuming that the termination of each of their employment is effective as of December 1, 2003, Messrs. Loevner, Obstler and Staib would be entitled to receive severance payments in the amounts of \$490,000, \$402,344 and \$107,500, respectively. In the event that such severance payments are subject to 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 them, including any excise tax payable in respect of such gross-up payment. See the section entitled Certain Relationships and Related Transactions with Respect to Pinnacor beginning on page 140.

*Section 16.* Pinnacor and MarketWatch have agreed to approve in advance the disposition of Pinnacor common stock and the acquisition of Holdco common stock by any officer or director of Pinnacor who is subject to Section 16 of the Exchange Act with the intent of exempting these transactions from Section 16(b) of the Exchange Act.

*Equity-Based Incentive Plans.* As of November 19, 2003, Pinnacor's directors and executive officers held options to acquire an aggregate of 5,740,261 shares of Pinnacor common stock, of which options to acquire an aggregate of 2,638,071 shares of Pinnacor common stock are unvested, with an average weighted exercise price of \$1.77 per share. As is the case with all outstanding options to acquire Pinnacor common stock, the unvested options will become fully vested and all the options held by Pinnacor's directors and executive officers will be converted upon the completion of the Pinnacor merger into options to acquire an aggregate of approximately 1,526,335 shares of Holdco common stock with a weighted average exercise price of approximately \$6.66 per share. In addition, upon the completion of the Pinnacor merger, restrictions with respect to 100,000 shares of restricted Pinnacor common stock currently held by Mr. Loevner and 50,000 shares of restricted Pinnacor common stock currently held by Mr. Obstler will lapse and such shares will become fully vested.

*Appointment of Directors.* In accordance with the terms of the merger agreement, two members of the board of directors of the combined company will be nominated by Pinnacor. Although the compensation structure for directors of the combined company has not been determined, the directors of the combined company will receive compensation substantially comparable to that which is currently received by MarketWatch directors. See the sections captioned Compensation for Members of the Board of Directors of the Combined Company and Compensation of MarketWatch Directors beginning on page 130 for a description of the expected arrangements for these two nominees to the combined

company's board of directors.



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*Indemnification and Directors and Officers Insurance.* Holdco agreed to honor the obligations of Pinnacor pursuant to indemnification agreements between Pinnacor and its officers, directors and employees entered into before the completion of the Pinnacor merger. Holdco also agreed for five years after the completion of the Pinnacor merger to indemnify Pinnacor's officers, directors and employees before the closing to the extent of the indemnification provisions included in Pinnacor's current certificate of incorporation and bylaws. In addition, for five years after the completion of the Pinnacor merger, Holdco has agreed to maintain the same directors and officers' liability insurance maintained on the date of the merger agreement by Pinnacor covering those directors and officers of Pinnacor who had been covered by such insurance at the time the merger agreement was executed, or, in the alternative, Holdco has agreed to maintain run-off or tail policies or endorsement policies providing coverage on substantially the same terms and conditions, for claims arising out of acts or conduct occurring on or prior to the completion of the Pinnacor merger and asserted within five years after the completion of the Pinnacor merger. However, Holdco is not required to pay, on an annual basis, more than 150% of the current annual premium paid by Pinnacor for that insurance, and if such insurance would exceed more than 150% of the current premium paid by Pinnacor, Holdco is required to purchase the maximum coverage possible for such amount.

**Material United States Federal Income Tax Consequences of the Merger**

The following discussion, to the extent relating to MarketWatch and its stockholders, is the opinion of Morrison & Foerster LLP, counsel to MarketWatch, and, to the extent relating to Pinnacor and its stockholders, is the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to Pinnacor, concerning the material U.S. federal income tax consequences of the merger generally applicable to MarketWatch and Pinnacor stockholders. The following discussion is based upon the Internal Revenue Code of 1986, as amended, or the Code, the regulations promulgated under the Code, and existing administrative interpretations and court decisions, all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of the following discussion. This discussion does not address all aspects of U.S. federal income taxation that may be important to you in light of your particular circumstances or if you are subject to special rules, such as rules relating to:

stockholders who are neither citizens nor residents of the United States or that are partnerships, foreign corporations or foreign estates or trusts;

financial institutions;

tax-exempt organizations;

insurance companies;

dealers in securities;

traders in securities that elect to use a mark-to-market method of accounting;

investors in pass-through entities;

stockholders who acquired their stock pursuant to the exercise of options or similar derivative securities, through a tax-qualified retirement plan or otherwise as compensation; and

stockholders who hold their stock as part of a hedge, straddle or other risk reduction, constructive sale or conversion transaction.

The discussion below does not address the tax consequences of the merger under foreign, state or local tax laws, the tax consequences of transactions effectuated prior or subsequent to, or concurrently with, the merger, whether or not any such transactions are undertaken in connection with the merger, including without limitation any transaction in which MarketWatch or Pinnacor common stock is acquired or shares of Holdco common stock are disposed of, or the tax consequences to holders of options, warrants or similar rights to acquire MarketWatch or Pinnacor common stock. This discussion assumes you hold your shares of MarketWatch or Pinnacor common stock, as the case may be, as capital assets within the meaning of Section 1221 of the Code (generally, as an investment).

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It is intended that the MarketWatch merger and the Pinnacor merger (and any subsequent mergers of Holdco, MarketWatch and Pinnacor) will be treated as transfers in which no gain or loss will be recognized by Holdco, MarketWatch, Pinnacor or the MarketWatch stockholders, and in which Pinnacor stockholders will recognize gain only to the extent of cash received. It is a condition to the completion of the merger that Pinnacor have received an opinion from Skadden, Arps, Slate, Meagher and Flom LLP, counsel to Pinnacor, to the effect that, in the absence of any subsequent mergers of Holdco, MarketWatch and Pinnacor, the MarketWatch merger and the Pinnacor merger, taken together, will be treated as a transfer governed by Section 351 of the Code, or that any immediate merger of Pinnacor and Holdco following the closing date in accordance with the terms of the Agreement, taken together with the Pinnacor merger, will constitute a reorganization within the meaning of Section 368(a) of the Code. It is also a condition to completion of the merger that MarketWatch have received an opinion from Morrison & Foerster LLP, counsel to MarketWatch, to the effect that, in the absence of subsequent mergers of Holdco, MarketWatch and Pinnacor, the MarketWatch merger and the Pinnacor merger, taken together, will be treated as a transfer governed by Section 351 of the Code and the MarketWatch merger will constitute a reorganization within the meaning of Section 368(a) of the Code, or that any immediate mergers of Pinnacor and Holdco and MarketWatch and Holdco following the closing date, in accordance with the terms of the Agreement, taken together with the Pinnacor and MarketWatch mergers, will each constitute a reorganization within the meaning of Section 368(a) of the Code. Neither MarketWatch nor Pinnacor intends to waive the condition relating to the receipt of the tax opinions after receipt of stockholder approval of the merger without resoliciting the approval of their stockholders to the extent the material tax consequences of the merger to such stockholders are expected to differ from those described below under *Tax Consequences to MarketWatch Stockholders* and *Tax Consequences to Pinnacor Stockholders*.

*Tax Consequences to MarketWatch Stockholders.* Assuming that the MarketWatch merger and Pinnacor merger will be treated as transfers governed by Section 351 of the Code or that the MarketWatch merger (either on its own or taken together with a merger of MarketWatch into Holdco immediately following the MarketWatch merger) will be treated as a reorganization qualifying under the provisions of Section 368(a) of the Code for federal tax purposes, or both, a MarketWatch stockholder who exchanges MarketWatch common stock for Holdco common stock in the MarketWatch merger will not recognize any gain or loss upon such exchange. The tax basis of the Holdco common stock received by such holder will be the same as the tax basis of the MarketWatch common stock surrendered, and the holding period of the Holdco common stock will include the holding period of the MarketWatch common stock surrendered in exchange therefor.

*Tax Consequences to Pinnacor Stockholders.* Assuming that the MarketWatch merger and Pinnacor merger will be treated as transfers governed by Section 351 of the Code for federal tax purposes, or that a subsequent combination of Holdco and Pinnacor, taken together with the Pinnacor merger, will qualify as a reorganization within the meaning of Section 368(a) of the Code, the following are the material U.S. federal income tax consequences of the Pinnacor merger to Pinnacor stockholders who do not exercise appraisal rights in connection with the Pinnacor merger.

*Considerations in Choosing an Election.* The federal income tax consequences of the Pinnacor merger to a Pinnacor stockholder generally will depend on whether the holder exchanges its Pinnacor common stock for cash, Holdco common stock or a combination of cash and Holdco common stock. The actual federal income tax consequences to each Pinnacor stockholder of making a cash election or a stock election will not be known at the time the election is made because Pinnacor stockholders will not know at such time if, or to what extent, the proration procedures will apply.

*Exchange Solely for Cash.* In general, a holder who receives solely cash in exchange for all of the shares of Pinnacor common stock actually owned by such holder will recognize gain or loss equal to the difference between the amount of cash received and the holder's adjusted tax basis in the shares of Pinnacor common stock surrendered. Except as discussed below under *Possible Recharacterization of Gain as a Dividend*, any such gain or loss will be capital gain or loss, and generally will be long-term capital gain or loss if the holder's holding period with respect to the Pinnacor common stock surrendered is more than one year at the effective time of the

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Pinnacor merger. Gain or loss must be calculated separately for each block of Pinnacor common stock (i.e., shares of Pinnacor common stock acquired at the same time in a single transaction).

*Exchange Solely for Holdco Common Stock.* A holder who receives solely Holdco common stock in exchange for all of the shares of Pinnacor common stock actually owned by such holder will not recognize any gain or loss on the exchange, except in respect of cash received instead of a fractional share of Holdco common stock (as discussed below). The aggregate adjusted tax basis of the shares of Holdco common stock received in the Pinnacor merger will be equal to the aggregate adjusted tax basis of the shares of Pinnacor common stock surrendered, excluding any portion of such basis allocated to fractional shares. The holding period of the Holdco common stock will include the period during which the shares of Pinnacor common stock were held.

*Exchange for a Combination of Holdco Common Stock and Cash.* Except as discussed below in respect of cash received instead of a fractional share of Holdco common stock, a holder who exchanges all of the shares of Pinnacor common stock actually owned by such holder for a combination of Holdco common stock and cash will recognize all or a portion of any gain realized in the transaction, but will not recognize any loss realized in the transaction. Gain or loss will be calculated separately for each block of Pinnacor common stock surrendered. For this purpose, all of the cash and Holdco common stock received by a Pinnacor stockholder pursuant to the Pinnacor merger will be allocated proportionately among the blocks of Pinnacor common stock surrendered by such holder.

The amount of gain recognized with respect to each block of Pinnacor common stock surrendered will be the lesser of (i) the sum of the amount of cash and the fair market value of the Holdco common stock allocable to such block of Pinnacor common stock over the holder's adjusted tax basis in such block, and (ii) the amount of cash received with respect to such block of Pinnacor common stock. For example, if a holder of Pinnacor common stock owns a single block of common stock (i.e., all stock was purchased on the same date at the same price) with an adjusted tax basis of \$1,000, which is exchanged for \$500 in cash and Holdco common stock with a fair market value of \$1,100, the amount of gain recognized would be limited to \$500, the amount of cash received, since this amount is less than the sum of the amount of cash and the fair market value of the Holdco common stock received (\$500 + \$1,100) over the holder's adjusted tax basis (\$1,000) in the Pinnacor common stock surrendered. If, however, the holder's adjusted tax basis in the Pinnacor common stock surrendered was \$1,200, then the amount of gain recognized would be limited to \$400, the sum of the amount of cash and the fair market value of the Holdco common stock received (\$500 + \$1,100) over the holder's adjusted tax basis (\$1,200) in the Pinnacor common stock surrendered.

A loss realized on one block of stock may not be used to offset a gain realized on another block of stock. Except as discussed below under Possible Recharacterization of Gain as a Dividend, any recognized gain will be capital gain, and will generally be long-term capital gain if the holder's holding period with respect to the Pinnacor common stock surrendered is more than one year at the effective time of the Pinnacor merger.

The aggregate tax basis of Holdco common stock received (including a fractional share for which cash is received) by a holder who receives a combination of Holdco common stock and cash will equal the aggregate adjusted tax basis of the shares of Pinnacor common stock surrendered by such holder pursuant to the Pinnacor merger, reduced by the amount of cash received by the holder pursuant to the Pinnacor merger (excluding any cash received instead of a fractional share of Holdco common stock) and increased by the amount of gain (including any gain treated as a dividend, but excluding any gain or loss with respect to a fractional share, as described below), if any, recognized by the holder on the exchange. The holding period of the Holdco common stock will include the holding period of the shares of Pinnacor common stock surrendered. These basis and holding period rules should be applied separately to each block of Pinnacor common stock that a holder surrenders in the Pinnacor merger.

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*Cash in Lieu of Fractional Shares.* A holder of Pinnacor common stock who receives cash in lieu of a fractional share of Holdco common stock in the Pinnacor merger will be deemed to have received that fractional

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share in the Pinnacor merger and then to have had the fractional share redeemed in exchange for cash. The stockholder will recognize gain or loss equal to the difference between the cash received for the fractional share and the portion of the stockholder's tax basis in the shares of Pinnacor common stock surrendered in the Pinnacor merger that is allocable to the fractional share. Except as discussed below under Possible Recharacterization of Gain as a Dividend, any such gain or loss will be capital gain or loss, and generally will be long-term capital gain or loss if the Pinnacor common stock has been held by the holder for more than one year at the effective time of the Pinnacor merger.

*Exercise of Appraisal Rights.* Regardless of the status of the Pinnacor merger as a nontaxable transaction, if you exercise appraisal rights in connection with the Pinnacor merger and receive cash payment for all of your shares of Pinnacor common stock, you generally will recognize gain or loss. Except as discussed below under Possible Recharacterization of Gain as a Dividend, any such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if you have held your shares of Pinnacor common stock for more than one year at the time of payment.

*Possible Recharacterization of Gain as a Dividend.*

If the Pinnacor merger is followed immediately by a merger of Pinnacor with and into Holdco and a Pinnacor stockholder receives cash in connection with the Pinnacor merger, it is possible that some or all of any gain recognized by such stockholder will be treated as a dividend if the receipt of such cash has the effect of a dividend. A receipt of cash that has the effect of a dividend will be treated as a dividend and taxable as ordinary income (but generally subject to tax at a maximum rate of 15%) to the extent of such U.S. Holder's allocable portion of accumulated earnings and profits, with any excess being treated as capital gain from the sale or exchange of property.

In determining whether gain recognized with respect to cash received by a Pinnacor stockholder will be treated as a dividend, the holder will be treated as if the portion of the Pinnacor common stock exchanged for cash had instead been exchanged solely for Holdco common stock, followed immediately by a redemption of such hypothetical stock by Holdco for cash, referred to in this discussion as the hypothetical redemption. Under that analysis, any gain recognized by a Pinnacor stockholder will be capital gain rather than dividend income if the hypothetical redemption is not essentially equivalent to a dividend or is substantially disproportionate with respect to such stockholder, taking into account, in each case, the stockholder's actual and constructive ownership of Holdco common stock.

The hypothetical redemption would be not essentially equivalent to a dividend with respect to a Pinnacor stockholder if, based on all the facts and circumstances, the redemption resulted in a meaningful reduction in such holder's percentage ownership of Holdco common stock. The Internal Revenue Service has indicated in a published ruling that a stockholder in a publicly held corporation whose relative stock interest in the corporation is minimal and who exercises no control over corporate affairs is generally treated as having had a meaningful reduction in his or her stock after a redemption transaction if his or her percentage stock ownership in the corporation has been reduced to any extent, taking into account the shareholder's actual and constructive ownership before and after the hypothetical redemption.

The hypothetical redemption transaction would be substantially disproportionate with respect to a Pinnacor stockholder if the percentage of Holdco common stock actually and constructively owned by such holder immediately after the hypothetical redemption were less than 80% of the percentage of Holdco common stock actually, hypothetically and constructively owned by such holder immediately before the hypothetical redemption.

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Because the application of the above-described tests depends upon each stockholder's particular circumstances, Pinnacor stockholders are urged to consult their tax advisors as to the possibility that all or a portion of any cash received in exchange for their Pinnacor common stock will be treated as a dividend and with

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respect to the consequences thereof, including the eligibility of Pinnacor stockholders that are corporations for a dividends-received-deduction and the eligibility of other Pinnacor stockholders for a reduced tax rate of 15% or 5% generally applicable to certain dividends.

The recharacterization described above is relevant only if Pinnacor is merged into Holdco in connection with the Pinnacor merger. If Pinnacor continues in existence following the Pinnacor merger, gain recognized by a Pinnacor stockholder will generally be capital gain without regard to the recharacterization rules described above.

*Additional Tax Considerations.* The tax opinions of Skadden, Arps, Slate, Meagher & Flom LLP and Morrison & Foerster LLP referred to above will be dated as of the effective date of the merger, will be based on then-existing law and will assume the absence of changes in existing facts. The opinions also will rely on, among other things, customary assumptions and representations contained in certificates executed by officers of MarketWatch and Pinnacor dated on or before the date of the opinions, which shall not have been withdrawn or modified in any material respect as of the effective time of the merger. The opinions will neither bind the Internal Revenue Service, or the IRS, nor preclude the IRS from adopting a contrary position, and it is possible that the IRS may successfully assert a contrary position in litigation or other proceedings. Neither MarketWatch nor Pinnacor will request a ruling from the IRS in connection with the merger.

**The foregoing discussion is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the merger. In addition, the discussion does not address tax consequences which may vary with, or are contingent on, your individual circumstances. Moreover, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, you are strongly urged to consult with your tax advisor to determine the particular U.S. federal, state, local or foreign income or other tax consequences to you of the merger.**

**Accounting Treatment of the Merger**

We intend to account for the merger of MarketWatch and Pinnacor under the purchase method of accounting for business combinations. For more details about purchase accounting see Note 2, Preliminary Purchase Price to the Notes to Unaudited Pro Forma Combined Condensed Financial Statements beginning on page 22.

**Regulatory Matters**

Based on information currently available, each of MarketWatch and Pinnacor believes that the transactions contemplated by the merger agreement do not require an antitrust notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, and the rules promulgated thereunder by the Federal Trade Commission, or the FTC. Therefore, MarketWatch and Pinnacor do not expect to give any such notifications. However, if, prior to the closing, there is a change in the factual circumstances requiring the notification of one or more of the transactions contemplated by the merger agreement, the merger may not be consummated until such notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the Department of Justice, or the Antitrust Division, and the specified waiting period requirements have been satisfied. Although each of MarketWatch and Pinnacor believes that the transactions contemplated by the merger agreement do not require an antitrust notification and changes in factual circumstances that would require such notification are unlikely, we cannot assure you that such circumstances will not change and result in MarketWatch and Pinnacor making such notifications.



In the event an HSR Act notification is required, the waiting period under the HSR Act will expire at 11:59 p.m. Eastern Time 30 days after the appropriate notifications have been made, unless the parties making such notification receive a request for additional documents, or the Antitrust Division and the FTC terminate the waiting period prior thereto. In practice, complying with a request for additional information or material can take

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a significant amount of time. In addition, if the Antitrust Division or the FTC raises substantive issues in connection with a proposed transaction, the parties may engage in negotiations with the relevant governmental agency concerning possible means of addressing those issues and may agree to delay consummation of the transaction while such negotiations continue.

The FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as the merger regardless of whether notification of the transaction is made under the HSR Act. At any time before or after the consummation of the merger of MarketWatch and Pinnacor, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of MarketWatch and/or Pinnacor. At any time before or after the consummation of the merger and notwithstanding the absence of any HSR Act notification requirement, or if an HSR Act notification has been made, notwithstanding the fact that the HSR Act waiting period may have expired, any state could take such action under such state's antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the consummation of the merger or seeking divestiture of substantial assets of MarketWatch and/or Pinnacor. Under certain circumstances, private parties may also seek to take legal action under applicable antitrust laws.

MarketWatch and Pinnacor believe that the merger can be effected in compliance with federal and state antitrust laws. However, we cannot assure you that a challenge to the consummation of the merger on antitrust grounds will not be made or that, if such a challenge were made, MarketWatch and Pinnacor would prevail or would not be required to accept certain conditions, possibly including certain divestitures of substantial assets of MarketWatch and/or Pinnacor, in order to consummate the merger.

**Appraisal Rights**

Pinnacor stockholders have the right to dissent from the Pinnacor merger and receive the fair cash value of all their Pinnacor common stock instead of receiving the merger consideration in the Pinnacor merger if such stockholders have complied with Section 262 of the Delaware General Corporation Law, or DGCL, a copy of which is attached to this joint proxy statement-prospectus as Annex D. Holders of stock options or warrants for Pinnacor common stock are not entitled to appraisal rights.

Below is a summary of the steps you must take if you are a Pinnacor stockholder and you wish to exercise your appraisal rights. You are strongly urged to read Section 262 of the DGCL carefully and in its entirety if you are considering to exercise your appraisal rights. Failure to comply with the procedure set forth in Section 262 may terminate your appraisal rights.

**1. You must make a written demand for appraisal.**

You must deliver a written demand for appraisal to Pinnacor Inc. at 601 West 26th Street, 13th Floor, New York, NY 10001, Attention: Secretary, before the vote on the Pinnacor merger is taken at the Pinnacor special meeting. A vote against the merger alone will not constitute a valid demand for appraisal, and you therefore must provide written notice separate from your proxy. A demand for appraisal should be signed by or on behalf of the stockholder exactly as the stockholder's name appears on the stockholder's stock certificates. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand should be executed in that capacity, and if the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including one or more joint owners, may execute a demand for appraisal on behalf of a record holder; however, in the demand, the agent must identify the record owner or owners and expressly disclose that the agent is executing the demand as an agent for the

record owner or owners. A record holder such as a broker who holds shares as nominee for several beneficial owners may exercise appraisal rights for the shares held for one or more beneficial owners and not exercise rights for the shares held for other beneficial owners. In this case, the written demand should state the number of shares for which appraisal rights are being demanded. When no number of shares is stated, the demand will be presumed to cover all shares held of record by the nominee.

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**2. You must refrain from voting for approval of the merger.**

You must not vote your shares of Pinnacor common stock for approval of the Pinnacor merger. You can terminate your right to appraisal, even if you have previously filed a written demand for appraisal, if you return a signed proxy and:

(A) fail to vote against approval and adoption of the merger agreement and the approval of the Pinnacor merger; or

(B) fail to note that you are abstaining from voting.

**3. You must continuously hold your shares of Pinnacor common stock.**

You must continuously hold your shares of Pinnacor common stock from the date you make the demand for appraisal through the completion of the Pinnacor merger.

**4. Petition with the Delaware Court of Chancery.**

If you and Pinnacor cannot agree on the fair cash value of your dissenting shares, then within 120 days after the effective date of the merger, either the surviving corporation in the Pinnacor merger or any stockholder who has complied with the conditions of Section 262 of the DGCL may file a petition in the Delaware Court of Chancery. The petition should request that the court determine the value of the shares of stock held by all of the stockholders who are entitled to appraisal rights. Neither Holdco nor Pinnacor has any intention at this time, nor any obligation, to file such a petition. If you and Pinnacor cannot agree on such a fair cash value and you do not file a petition within 120 days after the effective date of the merger, you will lose your appraisal rights.

**5. Appraisal of shares.**

If a petition for appraisal is timely filed, the Delaware Court of Chancery will determine the stockholders who are entitled to appraisal rights. The Delaware Court of Chancery will then determine the fair value of the applicable shares held by the dissenting stockholders, exclusive of any value arising from the accomplishment or expectation of the Pinnacor merger, but together with a fair rate of interest, if any, to be paid on the amount determined to be the fair value. In determining the fair value, the court will consider all relevant factors. The Delaware Court of Chancery may determine the fair value to be more than, the same as, or less than the Pinnacor merger consideration. The costs and expenses of the appraisal proceeding may be assessed against Pinnacor and the dissenting stockholders, as the court deems equitable under the circumstances. However, you may request that the Delaware Court of Chancery allocate the expenses of the appraisal action incurred by any stockholder against the value of all of the shares entitled to appraisal.

**6. Withdrawal of demand.**

You may withdraw your demand for appraisal and accept the Pinnacor merger consideration by delivering to Pinnacor a written withdrawal of your demand, except that (1) any attempt to withdraw your demand for appraisal made more than 60 days after the completion of the Pinnacor merger will require the written approval of Pinnacor, and (2) an appraisal proceeding in the Delaware Court of Chancery cannot be dismissed unless the court approves such dismissal.

Failure to follow the steps required by Section 262 of the DGCL for exercising appraisal rights may result in the loss of such rights (in which event a Pinnacor stockholder will be entitled to receive the applicable Pinnacor merger consideration with respect to such dissenting shares in accordance with the merger agreement). In view of the complexity of the provisions of Section 262 of the DGCL, Pinnacor stockholders who are considering objecting to the merger are urged to consult their own legal advisors.

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**Listing of Holdco Common Stock on Nasdaq National Market**

Holdco will use reasonable best efforts to cause the shares of Holdco common stock that are to be issued in connection with the merger to be approved for listing on the Nasdaq National Market, subject to official notice of issuance, before the completion of the merger. The proposed symbol for the Holdco common stock is MKTW, which is the current trading symbol for MarketWatch.

**Delisting and Deregistration of MarketWatch and Pinnacor Common Stock after the Merger**

When the merger is completed, MarketWatch common stock and Pinnacor common stock will each be delisted from the Nasdaq National Market and will be deregistered under the Securities Exchange Act of 1934, as amended.

**Restrictions on Sales of Holdco Common Stock by Affiliates of Holdco, MarketWatch and Pinnacor**

The shares of Holdco common stock to be issued in connection with the merger will be registered under the Securities Act of 1933, as amended, and will be freely transferable under the Securities Act, except for shares of Holdco common stock issued to any person who is deemed to be an affiliate of either MarketWatch or Pinnacor at the time of the respective special meeting of stockholders or an affiliate of Holdco after the completion of the merger. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under the common control of either MarketWatch or Pinnacor at the time of the respective special meeting of stockholders and of Holdco after the completion of the merger. You will be notified if you are such an affiliate. Affiliates may not sell their shares of Holdco common stock except pursuant to:

an effective registration statement under the Securities Act covering the resale of those shares;

an exemption under paragraph (d) of Rule 145 under the Securities Act;

in accordance with Rule 144 under the Securities Act; or

any other applicable exemption under the Securities Act.

Holdco's registration statement on Form S-4, of which this joint proxy statement-prospectus forms a part, does not cover the resale of shares of Holdco common stock to be received in the merger by the affiliates of MarketWatch or Pinnacor prior to the merger and Holdco after the completion of the merger.

**Stockholder Lawsuit Challenging the Pinnacor 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 the Pinnacor common stock who allegedly are or will be threatened with injury arising from actions by the defendants in connection with the 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 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.

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**THE MERGER AGREEMENT**

*The following describes certain material provisions of the merger agreement entered into by the parties on July 22, 2003, which was subsequently amended on December 15, 2003. The following description of the merger agreement refers to the merger agreement, as amended, and does not purport to be complete and is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached as Annex A to this joint proxy statement-prospectus and is incorporated in this joint proxy statement-prospectus by reference. All MarketWatch stockholders and Pinnacor stockholders are urged to read the merger agreement carefully and in its entirety.*

*Holding Company and Merger Subsidiaries.*  To accomplish the proposed merger between MarketWatch and Pinnacor, MarketWatch formed a new company, currently named NMP, Inc., to which we refer as Holdco or the combined company in this joint proxy statement-prospectus, with two wholly-owned subsidiaries, Maple Merger Sub and Pine Merger Sub.

*Structure of the Merger.*  At the closing of the merger, the following transactions will occur:

Pine Merger Sub will be merged with and into Pinnacor, and Pinnacor will be the surviving corporation. This is referred to as the Pinnacor merger in this joint proxy statement-prospectus.

Maple Merger Sub will be merged with and into MarketWatch, and MarketWatch will be the surviving corporation. This is referred to as the MarketWatch merger in this joint proxy statement-prospectus.

MarketWatch's ownership in Holdco will be cancelled. See The Merger Agreement Cancellation below.

As a result of the MarketWatch merger and the Pinnacor merger, MarketWatch and Pinnacor will each become a wholly-owned subsidiary of Holdco. 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. 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.

*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 Pinnacor merger and the MarketWatch 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 certificates of merger for each of the MarketWatch merger and the Pinnacor merger are filed in accordance with the relevant provisions of Delaware law.

*The 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



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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 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 of 0.2659. Assuming that 40,911,519 shares of Pinnacor common stock are

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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.

On the date of the merger agreement, MarketWatch and Pinnacor agreed that the exchange ratio and the per share cash consideration would be fixed and would be calculated based on \$44 million in cash paid to the holders of outstanding shares of Pinnacor common stock, and 6.5 million shares of Holdco common stock issued to the holders of the fully diluted equity of Pinnacor. The parties agreed that the fully diluted equity of Pinnacor included the shares of Pinnacor common stock, including the restricted shares of Pinnacor common stock outstanding on June 30, 2003, the number of shares of Pinnacor common stock issuable upon exercise of the in-the-money stock options (as of June 30, 2003 with an exercise price of less than \$2.42 per share), net of stock assumed to be repurchased at \$2.42 per share using the proceeds of such exercise (the treasury stock method), and the then expected number of shares of Pinnacor common stock to be issued under Pinnacor's employee stock purchase plan at the closing of the merger. That calculation resulted in the exchange ratio of 0.2659 per share and the per share cash consideration of \$2.42.

Since the facts underlying the assumptions relating to the calculation of the exchange ratio may change between the date of the merger agreement and the closing of the merger, this fixed exchange ratio of 0.2659 is likely to result in more or less than the 6.5 million shares of Holdco common stock actually being issued to holders of Pinnacor common stock, in the aggregate, as a result of the Pinnacor merger. Shares of Holdco common stock will be issued in the Pinnacor merger as follows:

At the closing of the merger, in exchange for the outstanding shares of Pinnacor common stock (including shares of Pinnacor common stock to be issued under Pinnacor's employee stock purchase plan at the closing of the merger).

After the closing of the merger, if and when exercised, upon the exercise of the Pinnacor stock options and warrants assumed by Holdco.

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 discussed below.

*The Pinnacor Merger Proration Rules.* Based on differing preferences for cash and stock consideration among the Pinnacor stockholders, there are different potential scenarios for proration. Below, we describe three likely proration scenarios and provide an example of the application of the proration rules to each of these scenarios.

For purposes of these examples, we have assumed that at the closing, 40,911,519 shares of Pinnacor common stock will be outstanding, which is the number of shares of Pinnacor common stock outstanding as of November 19, 2003. Based on that number of outstanding shares of Pinnacor common stock, approximately 18,181,818 shares of Pinnacor common stock will be exchanged for cash and approximately 22,729,701 shares of Pinnacor common stock will be exchanged for Holdco common stock at the exchange ratio. For purposes of illustration, the numbers in these examples have been rounded to the nearest fourth digit following the decimal point.

*Case 1: Pinnacor stockholders, in the aggregate, elect to exchange shares of Pinnacor common stock for cash in an amount exceeding the \$44.0 million cash portion of the aggregate consideration to be paid.*

In this case, Holdco will calculate a proration factor for the Pinnacor shares for which a cash election has been made. This proration factor will equal (a) the total number of Pinnacor shares that can be exchanged for

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cash pursuant to the merger agreement, divided by (b) the number of Pinnacor shares for which a valid cash election has been made. As a result:

each share of Pinnacor common stock for which a stock election has been made will be exchanged for a fraction of a share of Holdco common stock equal to 0.2659;

each share of Pinnacor common stock for which no election has been made will be exchanged for a fraction of a share of Holdco common stock equal to 0.2659; and

each share of Pinnacor common stock for which a cash election has been made will be exchanged for:

1. cash equal to \$2.42 multiplied by the proration factor; and
2. a fraction of a share of Holdco common stock equal to 0.2659 multiplied by one minus the proration factor.

***Case 1 Example:***

Assume for this case that a cash election has been made with respect to 24,546,911 shares, or approximately 60% of the assumed outstanding shares of Pinnacor common stock, at the closing. The cash proration factor will be:

$18,181,818 \text{ divided by } 24,546,911 = 0.7407.$

Each share of Pinnacor common stock for which a share election has been made or for which no election has been made will be exchanged for a fraction of a share of Holdco common stock equal to 0.2659. Each share of Pinnacor common stock for which a cash election has been made will be exchanged for:

cash in the amount of \$2.42 multiplied by 0.7407 = \$1.7925; and

a fraction of a share of Holdco common stock equal to 0.2659 multiplied by  $(1 - 0.7407) = 0.0689.$

For illustration purposes, in this Case 1 Example, a hypothetical Pinnacor stockholder who holds 1,000 shares of Pinnacor common stock would, based on the election scenarios described below, receive the following:

if that Pinnacor stockholder elects to receive all Holdco common stock or makes no election, the 1,000 shares of Pinnacor common stock would be exchanged for Holdco common stock by multiplying 1,000 by 0.2659, which would result in 265 shares of Holdco

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common stock and 0.9 of a share of Holdco common stock, which would be exchanged for \$8.19 in cash.

if that Pinnacor stockholder elects to receive all cash, the 1,000 shares of Pinnacor common stock would be:

1. exchanged for Holdco common stock by multiplying 1,000 by 0.0689, which would result in 68 shares of Holdco common stock and 0.9 of a share of Holdco common stock, which would be exchanged for \$8.19 in cash; and also
2. exchanged for cash by multiplying 1,000 by \$1.7925, which would result in \$1,792.50 in cash.

if that Pinnacor stockholder elects to receive cash for 500 shares of his Pinnacor common stock and Holdco common stock for his other 500 shares of Pinnacor common stock, his shares of Pinnacor common stock would be:

1. exchanged for Holdco common stock by multiplying 500 by 0.2659, which would result in 132 shares of Holdco common stock and 0.95 of a share of Holdco common stock. That amount would be added to the number of shares of Holdco common stock to be exchanged for his cash electing shares, or 500 multiplied by 0.0689, which would result in 34 shares of Holdco common stock and 0.45 of a share of Holdco common stock. Since the fractional shares would be combined into a full share, in the aggregate, the stockholder's Pinnacor common stock would be exchanged for

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167 shares of Holdco common stock and the remaining 0.4 of a share of Holdco common stock would be exchanged for \$3.64 in cash; and also

2. exchanged for cash by multiplying 500 by \$1.7925, which would result in \$896.25 in cash.

***Case 2: Pinnacor stockholders, in the aggregate, elect to exchange shares of Pinnacor common stock for Holdco common stock in an amount exceeding the fixed number of shares of Holdco common stock available as the stock portion of the aggregate consideration to be paid.***

In this case, Holdco will calculate a proration factor for the shares of Pinnacor common stock for which a stock election has been made. This proration factor will equal (x) the number of shares of Pinnacor common stock that can be exchanged for Holdco common stock pursuant to the merger agreement, divided by (y) the number of shares of Pinnacor common stock for which a valid stock election has been made. As a result:

each share of Pinnacor common stock for which a cash election has been made will be exchanged for cash in the amount of \$2.42;

each share of Pinnacor common stock for which no election has been made will be exchanged for cash in the amount of \$2.42; and

each share of Pinnacor common stock for which a share election has been made will be exchanged for:

1. a fraction of a share of Holdco common stock equal to 0.2659 multiplied by the proration factor; and
2. cash equal to \$2.42 multiplied by one minus the proration factor.

***Case 2 Example:***

Assume for this case that a stock election has been made with respect to 36,820,367, or approximately 90% of the assumed outstanding shares of Pinnacor common stock at the closing. The stock proration factor will be:

$22,729,701 \text{ divided by } 36,820,367 = 0.6173.$

Each share of Pinnacor common stock for which a cash election has been made or for which no election has been made will be exchanged for \$2.42 in cash. Each share of Pinnacor common stock for which a stock election has been made will be exchanged for:

a fraction of a share of Holdco common stock equal to  $0.2659 \text{ multiplied by } 0.6173 = 0.1641$ ; and

cash in the amount of \$2.42 multiplied by  $(1 - 0.6173) = \$0.9261$ .

For illustration purposes, in this Case 2 Example, a hypothetical Pinnacor stockholder who holds 1,000 shares of Pinnacor common stock would, based on the election scenarios described below, receive the following:

if that Pinnacor stockholder elects to receive all cash or makes no election, the 1,000 shares of Pinnacor common stock would be exchanged for cash by multiplying 1,000 by \$2.42, which would result in \$2,420.

if that Pinnacor stockholder elects to receive all stock, the 1,000 shares of Pinnacor common stock would be:

1. exchanged for Holdco common stock by multiplying 1,000 by 0.1641, which would result in 164 shares of Holdco common stock and 0.1 of a share of Holdco common stock, which would be exchanged for \$0.91 in cash; and also
2. exchanged for cash by multiplying 1,000 by \$0.9261, which would result in \$926.10 in cash.

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if that Pinnacor stockholder elects to receive cash for 500 shares of his Pinnacor common stock and Holdco common stock for his other 500 shares of Pinnacor common stock, his shares of Pinnacor common stock would be:

1. exchanged for Holdco common stock by multiplying 500 by 0.1641, which would result in 82 shares of Holdco common stock and 0.05 of a share of Holdco common stock, which would be exchanged for \$0.46 in cash; and also
2. exchanged for cash by multiplying 500 by \$2.42, which would result in \$1210.00 in cash. That amount would be added to the cash to be exchanged for his stock electing shares, or 500 multiplied by \$0.9261, which would result in \$463.05 in cash, for an aggregate cash amount of \$1,673.05.

In the two cases above, the form of election permits a stockholder who owns, alone or together with his or her affiliates, shares of Pinnacor common stock in more than one name or account, to specify how to allocate the cash paid and the Holdco common stock issued in the Pinnacor merger among the various accounts of the stockholder and, with their consent, his or her affiliates. Regardless of the allocation specified by a Pinnacor stockholder with respect to the various accounts, the cash and Holdco common stock received as merger consideration will be treated as allocated proportionately among any blocks of stock owned by the stockholder for purposes of computing such stockholder's taxable gain or loss. See Material United States Federal Income Tax Consequences of the Merger Tax Consequences to Pinnacor Stockholders Exchange for a Combination of Holdco Common Stock and Cash beginning on page 92 for a discussion of how to compute gain or loss for tax purposes.

***Case 3: Pinnacor stockholders, in the aggregate, elect to exchange shares of Pinnacor common stock for cash and Holdco common stock in amounts below the cash and Holdco common stock portion of the aggregate consideration to be paid.***

In this case, Holdco will calculate a cash proration factor and a stock proration factor for the shares of Pinnacor common stock for which no election has been made. The cash proration factor will equal (a) the positive difference between the number of shares of Pinnacor common stock that will be exchanged for cash pursuant to the merger agreement, and the number of shares of Pinnacor common stock for which a valid cash election has been made, divided by (b) the number of shares for which no election has been made. The stock proration factor will equal (x) the positive difference between the number of shares of Pinnacor common stock that will be exchanged for Holdco common stock pursuant to the merger agreement, and the number of shares of Pinnacor common stock for which a valid stock election has been made, divided by (y) the number of shares for which no election has been made. As a result:

each share of Pinnacor common stock for which a cash election has been made will be exchanged for cash in the amount of \$2.42;

each share of Pinnacor common stock for which a stock election has been made will be exchanged for 0.2659 of a share of Holdco common stock; and

each share of Pinnacor common stock for which no election has been made will be exchanged for:

1. cash equal to \$2.42 multiplied by the cash proration factor; and
2. a fraction of a share of Holdco common stock equal to 0.2659 multiplied by the stock proration factor.



*Case 3 Example:*

Assume for this case that a cash election has been made with respect to 12,273,456 shares, or approximately 30% of the assumed outstanding shares of Pinnacor common stock, a share election has been made with respect

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to another 12,273,456 shares of Pinnacor common stock and no election has been made with respect to the remaining 16,364,608, or approximately 40% of the assumed outstanding shares of Pinnacor common stock.

The non-electing cash proration factor will be:  $(18,181,818 \text{ minus } 12,273,456) \text{ divided by } 16,364,608 = 0.3610$ .

The non-electing stock proration factor will be:  $(22,729,701 \text{ minus } 12,273,456) \text{ divided by } 16,364,608 = 0.6390$ .

Each share of Pinnacor common stock for which a cash election has been made will be exchanged for \$2.42. Each share of Pinnacor common stock for which a share election has been made will be exchanged for 0.2659 of a share of Holdco common stock. Each share for which no election has been made will be exchanged for:

cash in the amount of \$2.42 multiplied by 0.3610 = \$0.8736; and

a fraction of a share of Holdco common stock equal to 0.2659 multiplied by 0.6390 = 0.1699.

For illustration purposes, in this Case 3 Example, a hypothetical Pinnacor stockholder who holds 1,000 shares of Pinnacor common stock would, based on the election scenarios described below, receive the following:

if that Pinnacor stockholder elects to receive all cash, the 1,000 shares of Pinnacor common stock would be exchanged for cash by multiplying 1,000 by \$2.42, which would result in \$2,420.

if that Pinnacor stockholder elects to receive all Holdco common stock, the 1,000 shares of Pinnacor common stock would be exchanged for Holdco common stock by multiplying 1,000 by 0.2659, which would result in 265 shares of Holdco common stock and 0.9 of a share of Holdco common stock, which would be exchanged for \$8.19 in cash.

if that Pinnacor stockholder elects to receive cash for 500 shares of his Pinnacor common stock and Holdco common stock for his other 500 shares of Pinnacor common stock, his shares of Pinnacor common stock would be:

1. exchanged for Holdco common stock by multiplying 500 by 0.2659, which would result in 132 shares of Holdco common stock and 0.95 of a share of Holdco common stock, which would be exchanged for \$8.65 in cash; and also
2. exchanged for cash by multiplying 500 by \$2.42, which would result in \$1,210.00 in cash.

if that Pinnacor stockholder makes no election, his shares of Pinnacor common stock would be:

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1. exchanged for Holdco common stock by multiplying 1,000 by 0.1699, which would result in 169 shares of Holdco common stock and 0.9 of a share of Holdco common stock, which would be exchanged for \$8.19 in cash; and also
2. exchanged for cash by multiplying 1,000 by \$0.8736, which would result in \$873.60 in cash.

The forms of consideration that would be received by a Pinnacor stockholder pursuant to the examples set forth in each of the three cases described above are highly specific and are derived by using the general assumptions for each of these cases and the specific assumption about the Pinnacor stockholder owning 1,000 shares of Pinnacor common stock. Actual forms of merger consideration for each individual Pinnacor stockholder will differ based on the aggregate elections by all of the Pinnacor stockholders, each individual Pinnacor stockholder's actual holdings, and the actual election made by each individual Pinnacor stockholder.

*Pinnacor Stock Options, Warrants, Stock Purchase Rights and Restricted Stock.* Each outstanding Pinnacor stock option will become fully vested upon the completion of the Pinnacor merger. In connection with the Pinnacor merger, each outstanding Pinnacor stock option will be converted into an option to purchase the number of shares of Holdco common stock that is equal to the product of the number of shares of Pinnacor common stock that could have been purchased before the Pinnacor merger upon the exercise of the option multiplied by 0.2659 and rounded down to the nearest whole share. The exercise price per share of Holdco

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common stock for the converted option will be equal to the exercise price per share of Pinnacor common stock subject to the option before the conversion divided by 0.2659 and rounded up to the nearest whole cent. The other terms of each Pinnacor stock option applicable before the conversion will continue to apply to the converted option after the conversion.

When the Pinnacor merger is completed, each outstanding Pinnacor warrant will be converted into a warrant to purchase the number of shares of Holdco common stock that is equal to the product of the number of shares of Pinnacor common stock that could have been purchased before the Pinnacor merger upon the exercise of the 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 warrant will be equal to the exercise price per share of Pinnacor common stock subject to the warrant before the conversion divided by 0.2659 and rounded up to the nearest whole cent. The other terms of each Pinnacor warrant applicable before the conversion will continue to apply to the converted warrant after the conversion.

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 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 will entitle the holder to elect to receive \$2.42 in cash or 0.2659 of a share of Holdco common stock as the merger consideration in connection with the Pinnacor merger.

When the Pinnacor merger is completed, each holder of a share of Pinnacor restricted stock may elect to receive, subject to proration, their merger consideration in the form of cash or shares of Holdco common stock, or a combination of both. Any unvested shares of Pinnacor restricted stock converted into Holdco common stock will continue to be subject to the restrictions set forth in the agreements under which such shares of Pinnacor restricted stock were issued. Any cash payable with respect to unvested shares of Pinnacor restricted stock will be placed in an escrow account for the benefit of the holders of such unvested shares of Pinnacor restricted stock and will be released from such escrow account in accordance with the vesting schedule applicable to such Pinnacor restricted stock. Pursuant to the terms of the merger agreement, Pinnacor restricted stock held by each of Messrs. Loevner and Obstler will become fully vested upon the completion of the Pinnacor merger.

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

*MarketWatch Stock Options and Employee Stock Purchase Plan.* 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 other terms of each MarketWatch stock option applicable before the conversion, including the vesting schedule, will continue to apply to the converted option after the conversion.

When the MarketWatch merger is completed, each outstanding stock purchase right under the 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. The other terms of each MarketWatch stock purchase right applicable before the conversion will continue to apply to the converted stock purchase right after the conversion.

*Fractional Shares of Holdco Common Stock.* Pinnacor stockholders will not receive a fractional share of Holdco common stock in the Pinnacor merger. A Pinnacor stockholder who would otherwise have been entitled to a fraction of a share of Holdco common stock (after aggregation of all shares) will instead receive a cash

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payment (without interest) determined by multiplying the fractional share interest to which such holder would otherwise be entitled by \$9.10.

*Cancellation.* Each share of Pinnacor common stock held by Pinnacor or any subsidiary of Pinnacor immediately prior to the effective time of the Pinnacor merger will cease to be outstanding and will be cancelled and extinguished without the payment of any consideration. Each share of MarketWatch common stock held by MarketWatch or any subsidiary of MarketWatch immediately prior to the effective time of the MarketWatch merger will cease to be outstanding and will be cancelled and extinguished without the payment of any consideration. Each share of Holdco common stock held by MarketWatch immediately prior to the effective time of the MarketWatch merger will cease to be outstanding and will be cancelled and extinguished without the payment of any consideration.

*Making the Election.*

*Exchange Agent.* Holdco has selected Mellon Investor Services, which is the transfer agent for MarketWatch, to serve as the exchange agent for purposes of affecting the election and proration rules.

*Form of Election.* A BLUE form of election (which is also the transmittal letter) is included with this document. The BLUE form of election must be used to make the election to receive cash or Holdco common stock as merger consideration. To make an election, Pinnacor stockholders should:

submit to the exchange agent, using the brown kraft envelope provided with this joint proxy statement-prospectus, a properly completed and signed BLUE form of election accompanied by the certificate(s) representing the shares of Pinnacor common stock for which the election is being made; or

for Pinnacor stockholders whose shares are held in book-entry or street name form, refer to the BLUE form of election on how to instruct the broker, dealer, bank or other financial institution that holds the shares to make an election on such Pinnacor stockholders behalf.

Pinnacor stockholders of record who want to make an election, but are unable to furnish the exchange agent with their share certificate(s) prior to the election deadline referred to below, should use the guaranteed delivery procedures set forth in the BLUE form of election. Delivery of the certificate(s) must be guaranteed by an eligible guarantor institution, generally a bank, broker, dealer, material securities exchange or certain other financial institutions.

The BLUE form of election is also the transmittal letter, so that stockholders who have delivered a BLUE form of election with their shares of Pinnacor common stock to the exchange agent will not have to take any further action after the Pinnacor merger to receive their merger consideration.

If a Pinnacor stockholder delivers his or her BLUE form of election to the exchange agent after the election deadline or the BLUE form of election does not comply with the required procedures, the stockholder will not be regarded as having made an election. See the Non-Electing Shares section described below. Pinnacor stockholders should read the BLUE form of election for a more complete discussion of the election

procedures.

*Election Deadline.* The deadline for Pinnacor stockholders to make their election is 5:00 p.m., Eastern Time, on the date of the Pinnacor special meeting. If your shares are held in book-entry or street name form, your broker or financial institution must complete the procedures described above prior to the election deadline.

*Changes, Revocation and Return of Shares.* Any Pinnacor stockholder may change his or her election prior to the election deadline:

by submitting a properly completed and signed revised BLUE form of election; or

in the case of stockholders whose shares are held in book-entry or street name form, by causing a new message with revised election information to be transmitted through DTC.

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Any holder of shares of Pinnacor common stock may revoke his or her election at any time prior to the election deadline:

by written notice to the exchange agent; or

in the case of stockholders whose shares are held in book-entry or street name form, by causing a new message to be transmitted through DTC to the exchange agent withdrawing the shares previously deposited and specifying the name and number of the account at DTC to be credited.

If the merger agreement is terminated without the MarketWatch merger and the Pinnacor merger having been consummated, the exchange agent will return all certificates representing shares of Pinnacor common stock submitted or transferred to the exchange agent.

*General.* Pinnacor stockholders with a preference as to the form of consideration they wish to receive for their shares of Pinnacor common stock should make an election. None of Holdco, MarketWatch, Pinnacor or the MarketWatch or Pinnacor boards of directors makes any recommendation about whether Pinnacor stockholders should make an election, or what election they should make. Each holder of shares of Pinnacor common stock must make his or her own decision about whether to make an election and, if so, what election to make.

It will take a period of time before the exchange agent can verify the BLUE forms of election and tabulate the election results. Consequently, the payment of the merger consideration to Pinnacor stockholders will begin as soon as reasonably practicable after the consummation of the merger.

*Non-Electing Shares and Deemed Non-Electing Shares.* Shares of Pinnacor common stock for which a BLUE form of election is not submitted prior to the election deadline will be deemed to be shares for which no election has been made. If MarketWatch or the exchange agent determines that any election was not properly made, such election will have no force and effect, and the shares with respect to which such election was made will be deemed shares for which no election has been made. Neither MarketWatch nor the exchange agent has any obligation to inform any Pinnacor stockholder of any defect in the making of an election. If a Pinnacor stockholder submits his or her BLUE form of election with his or her share certificate(s) and the BLUE form of election is defective, the certificate(s) will be held by the exchange agent and exchanged for the merger consideration applicable to shares for which no election has been made after the merger is consummated. The stockholder will not need to complete and deliver to the exchange agent a separate letter of transmittal after the Pinnacor merger as described below. MarketWatch and the exchange agent reserve the right to waive defects in a BLUE form of election, including late delivery. However, waiver of defects is in their sole discretion.

*General Procedures for MarketWatch Stockholders.* MarketWatch stockholders will not need to send in their share certificates in connection with the merger 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).

*General Exchange Procedures for Non-Electing Pinnacor Stockholders.* As soon as reasonably practicable after the consummation of the merger, Holdco will cause the exchange agent to mail to holders of record of shares of Pinnacor common stock for which no election has been



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made, a letter of transmittal and instructions on surrendering their Pinnacor share certificates in exchange for the merger consideration they are entitled to receive.

Holders of certificates previously representing shares of Pinnacor common stock will not be paid dividends or distributions on any Holdco common stock they are entitled to receive as merger consideration and will not be paid cash in lieu of a fractional share of Holdco common stock, until the Pinnacor share certificates, as

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applicable, are surrendered for exchange. When the certificates are surrendered, any unpaid dividends declared by Holdco after the consummation of the merger and any cash in lieu of a fractional share of Holdco common stock will be paid without interest.

The exchange agent will deliver the merger consideration in exchange for lost, stolen or destroyed certificates if the owner of such certificates signs an affidavit of loss, theft or destruction, as appropriate. Holdco and the exchange agent may also, in its discretion, require the holder of such lost, stolen or destroyed certificates to deliver a bond in a reasonable sum as indemnity against any claim that might be made against Holdco with respect to alleged lost, stolen or destroyed certificates.

*Representations and Warranties by Pinnacor.* Pinnacor made a number of representations and warranties in the merger agreement regarding aspects of its business, financial condition, structure and other facts pertinent to the transactions contemplated by the merger agreement.

The representations given by Pinnacor cover the following topics, among others, as they relate to Pinnacor and its subsidiaries:

corporate organization and its qualification to do business;

certificate of incorporation and bylaws;

capitalization;

authorization of the merger agreement;

that the transactions contemplated by the Pinnacor merger will not result in a violation of Pinnacor's organizational documents, laws or contracts;

consents and regulatory approvals necessary to complete the Pinnacor merger and Pinnacor's permits;

filings and reports with the Securities and Exchange Commission and financial statements;

the absence of material changes or events;

undisclosed liabilities;

material contracts;

litigation;

employee benefit plans and employment agreements;

labor and employment matters;

taxes;

environmental matters and applicable laws;

intellectual property;

compliance and permits;

waiver of anti-takeover statutes and stockholder rights plan;

customers and suppliers;

title to properties and absence of liens;

insurance coverage;

accounts receivable;

restrictions on business activities;

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interested party transactions;

brokers and other transaction related fees; and

the opinion of Pinnacor's financial advisor.

*Representations and Warranties by MarketWatch.* MarketWatch made a number of representations and warranties in the merger agreement regarding aspects of its business, financial condition, structure and other facts pertinent to the transactions contemplated by the merger agreement.

The representations given by MarketWatch cover the following topics, among others, as they relate to MarketWatch and its subsidiaries:

corporate organization and its qualification to do business;

certificate of incorporation and bylaws;

capitalization;

authorization of the merger agreement;

that the transactions contemplated by the MarketWatch merger will not result in a violation of MarketWatch's organizational documents, laws or contracts;

filings and reports with the Securities and Exchange Commission and financial statements;

the absence of material changes or events;

undisclosed liabilities;

litigation;

title to properties and absence of liens;

taxes;

brokers and other transaction related fees;

interested party transactions; and

the opinion of MarketWatch's financial advisor.

The representations and warranties in the merger agreement are complicated and not easily summarized. You are urged to carefully read the sections of the merger agreement entitled "Representations and Warranties of Company" and "Representations and Warranties of Parent."

*Pinnacor's Conduct of Business Before the Completion of the Merger.* Pinnacor agreed that until the earlier of the completion of the merger or the termination of the merger agreement, or unless MarketWatch consents in writing, Pinnacor and its subsidiaries will operate their businesses in the ordinary course and in a manner consistent with past practice and use commercially reasonable efforts to preserve substantially intact their business organization and keep available the services of its current officers, employees and consultants and preserve its relationships with customers, suppliers and others having significant business relations with Pinnacor and its subsidiaries.

Pinnacor also agreed that until the earlier of the completion of the merger or the termination of the merger agreement or unless MarketWatch consents in writing, Pinnacor and its subsidiaries would conduct their businesses in compliance with specific restrictions relating to, among other things, the following:

the modification of Pinnacor's organizational documents;

the issuance, sale or other disposition of securities, except for the issuance of shares of Pinnacor common stock issuable pursuant to Pinnacor's employee stock purchase plan or upon exercise of outstanding Pinnacor stock options or warrants;

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the disposition or sale of any assets or inventory of Pinnacor or any of its subsidiaries unless in the ordinary course;

the acceleration, amendment or change of the period of exercisability of options or restricted stock or authorization of cash payments in exchange for any options;

the payment or authorization of dividends or other distributions;

the modification of its capital stock structure through splits, combinations, reclassifications, redemptions or repurchases;

the acquisition of other entities or assets;

the incurrence of indebtedness or the making of loans except for certain categories of indebtedness and loans, in each case in the ordinary course of business;

the making of capital expenditures;

any increase in the compensation payable to Pinnacor's officers or employees, other than in the ordinary course in accordance with past practices, to employees who are not vice-president level or higher level employees, any grant of bonus, severance or termination pay, any entering into employment or severance agreements with any director, officer or other employee or any amendment of existing employment arrangements or entering into various new employment arrangements;

the taking of any actions that result in changes in accounting principles and procedures;

the making of material tax election inconsistent with past practices or the settling of tax liabilities;

the payment, discharge or satisfaction of claims, liabilities or obligations, other than in the ordinary course of business and consistent with past practices if reserved against on Pinnacor's financial statements;

the waiver, modification or release of any confidentiality agreements;

the taking of any action that could reasonably be expected to delay the consummation, or otherwise adversely affect, the transactions contemplated by the merger agreement;

the revaluation of Pinnacor's assets;

the ability to liquidate or dissolve;

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the adoption of any plans or devices that have anti-takeover effects;

the modification of Pinnacor's stockholders rights plan to allow entities other than MarketWatch or Holdco to acquire more than 15% of Pinnacor's common stock;

the sale or acceleration of accounts receivable or any accrual of liabilities not in the ordinary course or the writing off of any notes or accounts receivable or portions thereof as uncollectible;

discharge any lien or pay any obligation or liability other than current liabilities;

the making of any gifts or the sale, transfer or exchange of any property for less than fair market value;

the making of any cash expenditures other than in the ordinary course, relating to the implementation of the merger agreement, including the payment of transaction expenses, the payment of director and officer insurance policies or the settlement of claims in the ordinary course;

the taking of any action relating to, or otherwise agreeing in writing to do, any of the above things; and

any actions that would make Pinnacor's representations and warranties materially untrue.

The agreements related to the conduct of Pinnacor's business in the merger agreement are complicated and not easily summarized. You are urged to carefully read the section of the merger agreement entitled "Conduct of Business Pending the Mergers."

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*MarketWatch's Conduct of Business Before the Completion of the Merger.* MarketWatch agreed that, until the earlier of the completion of the merger or the termination of the merger agreement or unless Pinnacor consents in writing, MarketWatch and its subsidiaries would conduct their businesses in compliance with specific restrictions relating to, among other things, the following:

the modification of MarketWatch's organizational documents;

the taking of any action that could reasonably be expected to delay the consummation, or otherwise adversely affect, the transactions contemplated by the merger agreement;

the payment or authorization of dividends or other distributions;

the modification of its capital stock structure through splits, combinations, reclassifications, redemptions or repurchases;

the ability to liquidate or dissolve;

the taking of any action relating to, or otherwise agreeing in writing to do, any of the above things; and

any actions that would make MarketWatch's representations and warranties materially untrue.

The agreements related to the conduct of MarketWatch's business in the merger agreement are complicated and not easily summarized. You are urged to carefully read the section of the merger agreement entitled "Conduct of Business by the Parent or Holdco Pending the Mergers."

*No Other Negotiations Involving Pinnacor.* Until the merger is completed or the merger agreement is terminated, Pinnacor has agreed that it (and other related entities or individuals of Pinnacor) will not, directly or indirectly:

initiate, solicit, knowingly encourage or otherwise take any action to facilitate any inquiries or the making of a proposal relating to any alternative transaction, as defined below, or that may reasonably be expected to lead to any