

MCF CORP
Form S-4/A
March 08, 2007

As filed with the Securities and Exchange Commission on March 8, 2007

Registration No. 333-138870

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Amendment No. 3 to

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

MCF CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of
Incorporation or
Organization)

11-2936371
(I.R.S. Employee
Identification No.)

**600 California Street,
9th Floor,
San Francisco, California 94108
(415) 248-5600**

(Address and Telephone Number of Executive Offices and Principal Place of Business)

**D. Jonathan Merriman
Chairman and Chief Executive Officer
MCF Corporation
600 California Street,
9th Floor
San Francisco, California 94108
(415) 248-5600**

(Name, Address and Telephone Number of Agent For Service)

Copies of all communications to:

Michael C. Doran, Esq.
Fish & Richardson P.C.
500 Arguello Street
Redwood City, CA 94063
(650) 839-5053

Mark B. Stein, Esq.
McDermott Will & Emery LLP
28 State Street
Boston, MA 02109-1775
(617) 535-4000

Approximate date of commencement of proposed sale to the public: As soon as practicable following the effectiveness of this Registration Statement and consummation of the merger contemplated herein.

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

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

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

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered(1)	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common stock, par value \$.0001 per share	1,548,119	N/A	\$ 834,796	\$ 89.32

(1)

Represents the maximum number of shares of common stock of MCF Corporation issuable in exchange for shares of common stock and preferred stock of MedPanel, Inc., upon the closing of the merger of an MCF subsidiary with and into MedPanel.

(2)

Pursuant to Rule 457(f)(2) of the Securities Act, the proposed maximum aggregate offering price and the registration fee have been calculated on the basis of the book value of the MedPanel common stock and MedPanel preferred stock to be received by MCF Corporation pursuant to the merger as of December 31, 2006, which was \$834,796 in the aggregate.

The information in this prospectus/ information statement is not complete and may be changed. MCF may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus/ information statement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2007

Dear Stockholders:

We are pleased to report that the boards of directors of MCF Corporation and MedPanel, Inc. have unanimously approved a merger agreement which provides for the merger of an MCF subsidiary into MedPanel. The merger agreement has also been adopted by written consent by MedPanel's stockholders. As a result of the proposed merger, MedPanel will become a wholly owned subsidiary of MCF. If we complete the proposed merger, you will become a stockholder of MCF, your shares of MedPanel common stock, if any, and preferred stock, if any, will be converted into the right to receive shares of MCF common stock and, under certain circumstances, cash in accordance with the allocation and priority contained in the merger agreement. In addition, holders of MedPanel capital stock will be entitled to receive additional consideration, payable 50% in MCF common stock and 50% in cash, upon achievement of certain financial performance milestones during the three year period commencing January 1, 2007 and ending December 31, 2009.

The number of shares of MCF common stock to be received by MedPanel stockholders is based on the average closing sales prices per share of MCF common stock from October 9, 2006 through November 3, 2006 of \$4.20 per share, as adjusted for the 1-for-7 reverse stock split that was effective on November 16, 2006. Based on the number of shares of MCF common stock outstanding on November 6, 2006, MedPanel stockholders will own approximately 12.7% of MCF's outstanding common stock immediately after the proposed merger. MCF common stock is listed on the American Stock Exchange under the trading symbol MEM. On March 7, 2007, the last sale price of shares of MCF common stock on the American Stock Exchange was \$4.59 per share.

A total of up to 1,548,119 shares of MCF common stock will be issuable to the MedPanel stockholders and holders of MedPanel options that are in the money. Of the 1,548,119 shares to be issued at closing, approximately 154,800 shares will be held in escrow and be subject to reduction for balance sheet adjustments and indemnification obligations. Of the 1,548,119 shares to be issued at closing, approximately 613,000 shares will be issued to holders of MedPanel preferred stock in satisfaction of their aggregate approximately \$2.6 million liquidation preference, and approximately 935,000 shares will be issued to holders of MedPanel common stock and in the money options. The holders of each share of MedPanel stock of the various series and classes listed below will receive the following on closing:

•

Series C Preferred Stock will receive .095 shares of MCF common stock

•

Series B Preferred Stock will receive .076 shares of MCF common stock

- Series A Preferred Stock will receive .057 shares of MCF common stock, and

- common stock will receive .047 shares of MCF common stock.

The number of shares of MCF common stock issuable to each MedPanel stockholder will be rounded up to the next whole number of shares and no fractional shares or cash in lieu of fractional shares will be paid by MCF.

MedPanel stockholders have already adopted the merger agreement and we are not soliciting a vote of the MedPanel stockholders. However, this prospectus/ information statement is being provided to you for informational purposes, including to alert you of your right of appraisal of your shares of MedPanel capital stock in connection with the proposed merger, as described in the section entitled Appraisal Rights.

We encourage you to read this prospectus/ information statement carefully. In particular, you should review the matters discussed in the section entitled Risk Factors.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of MCF securities to be issued pursuant to the merger or passed upon the adequacy or accuracy of this prospectus/ information statement. Any representation to the contrary is a criminal offense.

This prospectus/ information statement is dated _____, 2007, and is first being mailed on or about _____, 2007.

Sincerely,

/s/ D. Jon Merriman

D. Jon Merriman
Chairman and Chief Executive Officer of MCF Corporation

REFERENCES TO ADDITIONAL INFORMATION

This prospectus/information statement incorporates important business and financial information about MCF from documents filed with the Securities and Exchange Commission that have not been included in or delivered with this document. This information is available at the Internet website that the Securities and Exchange Commission maintains at <http://www.sec.gov>, as well as from other sources.

You may also request copies of these documents from MCF, without charge, upon written or oral request to:

**MCF CORPORATION
600 California Street,
9th Floor,
San Francisco, California 94108
(415) 248-5600**

To obtain timely delivery, such a request must be made no later than five business days before the date on which you make an investment decision, and, in any event, before _____, 2007.

	Page
REFERENCES TO ADDITIONAL INFORMATION	
SUMMARY OF TERMS	1
QUESTIONS AND ANSWERS ABOUT THE PROPOSED TRANSACTION	3
SUMMARY	8
The Merger and the Merger Agreement	8
The Companies	8
Summary of the Merger	9
Share Ownership of Directors and Executive Officers of MCF and MedPanel; Stockholder Vote	9
MCF Market Price Data	10
Material United States Federal Income Tax Consequences of the Mergers	10
Accounting Treatment	10
Regulatory Approvals	10
MedPanel's Reasons for the Merger	10
MCF's Reasons for the Merger	10
Interests of MedPanel's Directors and Management in the Merger	12
Notice to MedPanel Stockholders	12
MEDPANEL'S MARKET PRICE AND DIVIDEND INFORMATION	13
RISK FACTORS	14
Risks Related to the Transaction	14
Risks Related to Our Business	17
IMPORTANT NOTE REGARDING MCF CORPORATION SHARE PRICES AND NUMBERS	22
CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION	23
THE MERGER	24
Background of the Merger	24
MCF's Reasons for the Merger	26
MedPanel's Reasons for the Merger; Recommendation of the MedPanel Board of Directors	27
Interests of MedPanel's Directors and Management in the Merger	28
Changes in MCF's Board of Directors	31
ACCOUNTING TREATMENT OF THE MERGER	31
MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGERS	31
General	31
Regulatory Approvals	36
Stock Ownership Following the Merger	36
Material Contacts Between MCF and MedPanel	36
SUMMARY OF THE TERMS OF THE MERGER AGREEMENT	37

The Merger	37
Closing and Effective Time of the Merger	37
Merger Consideration	37
Balance Sheet Escrow	38
Indemnity Escrow	38
Escrow Agreement	38
Incentive Consideration Amount	38
Change of Control	38
Treatment of Securities; Allocation of Merger Consideration	38
Exchange of Stock Certificates	39
Restrictions on Transfer of Parent Company Stock	40
Lost, Stolen and Destroyed Certificates	40
Representations and Warranties	40
Conduct of Business Before Completion of the Merger	41
Conditions to Obligations to Complete the Merger	43
Indemnification	43
Termination of Agreement; Termination Fee	44
Stockholder Representative	45

	Page
Related Agreements	46
Escrow Agreement	46
Employment Agreements	46
DESCRIPTION OF MCF STOCK	46
Common Stock	47
Preferred Stock	47
Delaware Law	47
COMPARISON OF STOCKHOLDER RIGHTS AND CORPORATE GOVERNANCE MATTERS	48
Authorized Capital Stock	48
Number of Directors	48
Changes in the Number of Directors	49
Election of Directors	49
Removal of Directors	49
Liabilities of Directors; Directors' Fiduciary Duties	49
Indemnification of Corporate Agents	49
Issuance of Additional Stock	50
Inspection of Books and Records	51
Stockholder Voting on Mergers and Certain Other Transactions	51
Business Combinations with Interested Stockholders	51
Stockholder Rights Plan	52
Special Meetings	52
Action by Stockholders Without a Meeting	52
Charter and Bylaws Amendments	53
LEGAL MATTERS	53
EXPERTS	53
MCF'S BUSINESS	54
Company Overview	54
Merriman Curhan Ford & Co.	54
Asset Management	54
Wealth Management	54
Properties	54
Legal Proceedings	54
MARKET PRICE FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS	56
EFFECT OF MERGER ON SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF MCF	56
FINANCIAL STATEMENTS	60
Selected Financial Data of MCF Corporation	60

Selected Unaudited Pro Forma Condensed Combined Financial Data of MCF and MedPanel	61
Management's Discussion and Analysis of Financial Condition and Results of Operations	66
Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	77
DIRECTORS AND EXECUTIVE OFFICERS OF MCF	78
EXECUTIVE COMPENSATION	82
SUMMARY COMPENSATION TABLE	85
GRANTS OF PLAN-BASED AWARDS	86
OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END	87
OPTIONS EXERCISED AND STOCK VESTED	88
DIRECTOR COMPENSATION	89
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	90
INFORMATION ABOUT MEDPANEL	90
Corporate Overview	90
Business Overview	90
MARKET PRICE AND DIVIDENDS OF MEDPANEL COMMON STOCK AND RELATED STOCKHOLDER MATTERS	92
FINANCIAL STATEMENTS	92

	Page
Selected Financial Data of MedPanel	92
Management's Discussion and Analysis of Financial Condition and Results of Operations	92
Changes In and Disagreements with Accountants	101
INFORMATION FOR MEDPANEL STOCKHOLDERS	101
APPRAISAL RIGHTS	101
NOTICE TO MEDPANEL STOCKHOLDERS	103
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF MEDPANEL	104
MEDPANEL'S MANAGEMENT PRIOR TO THE MERGER	105
MEDPANEL MANAGEMENT PERSONS TO BECOME DIRECTORS OF MCF	106
WHERE YOU CAN FIND ADDITIONAL INFORMATION	106
FINANCIAL STATEMENTS	
Index to MCF Corporation's Consolidated Financial Statements	F1-1
Index to MedPanel's Financial Statements	F2-1
ANNEX A AGREEMENT AND PLAN OF MERGER	
ANNEX B SECTION 262 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE	
ANNEX C FORM OF MEDPANEL STOCKHOLDER WRITTEN CONSENT	
PART II INFORMATION NOT REQUIRED IN THE PROSPECTUS	II-1

SUMMARY OF TERMS

•

Transaction Structure. MCF will acquire MedPanel pursuant to a two-step merger, whereby the business of MedPanel will be owned and operated by a wholly owned subsidiary of MCF. For a description of the merger transaction structure, see Summary of the Terms of the Merger Agreement The Merger. It is intended that the merger be treated as a reorganization under Section 368(a) of the Internal Revenue Code. For a description of the anticipated tax treatment of the merger, see Material United States Federal Income Tax Consequences of the Mergers.

•

Merger Consideration. The aggregate merger consideration to be paid by MCF for MedPanel consists of two parts:

•

The first part of the merger consideration is an amount equal to \$6,500,000, payable solely in shares of MCF common stock priced at \$4.20 (as adjusted for the 1-for-7 reverse stock split that was effective on November 16, 2006). The pricing of MCF common stock was based on the 20 day trading average of MCF common stock leading up to the date on which the Merger Agreement was signed. As a result, a total of 1,548,119 shares of MCF common stock will be issuable to the MedPanel stockholders and holders of MedPanel options that are in the money. Approximately 1,393,300 of these shares will be issued at closing, and the remaining approximately 154,800 shares will be held in escrow and be subject to reduction for balance sheet adjustments and indemnification obligations. For a description of the escrows and the adjustments that may be made to the shares held therein, see Summary of the Terms of the Merger Agreement Merger Consideration. All of the shares issued at closing (as well as the shares subsequently released from escrow) will be subject to a one year lock-up period commencing on the closing date. During this lock-up period, holders of these shares will not be allowed to sell or transfer such shares.

•

The second part of the merger consideration consists of an earn-out that is payable only if the MedPanel business achieves certain performance milestones. The earn-out will be payable to the MedPanel stockholders, the holders of MedPanel options that are in the money, and depending on the amount of the earn-out and the applicable option exercise prices, the holders of MedPanel options that are not in the money. The earn-out will be paid 50% in cash and 50% in MCF stock (the number of shares of MCF common stock to be issued will be based on the then current average trading price of MCF common stock, but in no event less than \$5.25 or greater than \$29.75). The maximum earn-out amount is \$11,455,000. For a description of the earn-out and how it is calculated and paid, see Summary of the Terms of the Merger Agreement Merger Consideration Incentive Consideration Amount.

•

If MCF undergoes a change of control then, in lieu of paying the earn-out, MCF will be obligated to make a change of control payment of \$7,080,000, which will be paid 50% in cash and 50% in MCF stock (or the securities or properties of the acquiring entity if MCF is not the surviving entity of such change of control). The number of shares of MCF common stock to be issued will be based on the then current average trading price of MCF common stock, but in no event less than \$5.25 or greater than \$29.75. For a description of the change of control payment, see Summary of the Terms of the Merger Agreement Merger Consideration Change of Control. The change of control payment would be payable to the MedPanel stockholders and option holders in the same manner as the earn-out.

•

Allocation of Merger Consideration. The merger consideration will be allocated to the holders of MedPanel preferred stock and common stock, and holders of MedPanel options that are in the money. In addition, if any earn-out is payable by MCF, then holders of MedPanel options that are not in the money may be entitled to receive a portion of such earn-out. For a description of the allocation of merger consideration, see Summary of the Terms of the Merger Agreement Treatment of Securities; Allocation of Merger Consideration. Also, for more information on the treatment of MedPanel options, see Summary of the Terms of the Merger Agreement Conduct of Business Before Completion of the Merger MedPanel Options.

-

Representations, Warranties and Covenants. Both MCF and MedPanel have made customary representations, warranties and covenants for the benefit of the other party. For a description of the types of representations and warranties that have been made, see Summary of the Terms of the Merger Agreement Representations and Warranties. The parties have agreed to several covenants for the benefit of the other party (including the registration and listing of the shares of MCF common stock to be issued as part of the

merger consideration, operation of the MedPanel business, and appointing Mr. William Febbo to the MCF board). For a description of these and the other covenants that have been agreed to, see Summary of the Terms of the Merger Agreement Conduct of Business Before Completion of the Merger.

•

Stockholder Representative. Mr. William Febbo has been designated the representative of the equity holders of MedPanel when dealing with MCF with respect to the contemplated transaction. For a description of the rights, duties and obligations of the stockholder representative, see Summary of the Terms of the Merger Agreement Stockholder Representative.

•

Exclusivity. MedPanel and Mr. William Febbo have agreed to an exclusivity provision that limits their ability to solicit or otherwise engage in discussions with other parties with respect to any transaction that could be an alternative to the contemplated transaction with MCF. For a description of the exclusive dealing provision, see Summary of the Terms of the Merger Agreement Exclusive Dealing. A substantial termination fee would be payable by MedPanel if this exclusive dealing provision is breached. See Summary of the Terms of the Merger Agreement Termination of Agreement; Termination Fee.

•

Closing Conditions. The parties have agreed to customary closing conditions to the merger. For a description of these closing conditions, see Summary of the Terms of the Merger Agreement Conditions to Obligations to Complete Merger.

•

Indemnification Rights and Obligations. MCF and its acquisition subsidiaries, on the one hand, and MedPanel and its stockholders, on the other hand, are subject to mutual indemnification obligations for breaches of representations, warranties and covenants under the Merger Agreement. The amount of the indemnification obligations are subject to certain limitations, including a maximum indemnification cap not to exceed the total amount of the merger consideration. For a description of the indemnification rights and obligations, as well as limitations applicable to such rights and obligations, see Summary of the Terms of the Merger Agreement Indemnification.

•

Termination Rights; Termination Fee. Each party has the right to terminate the transaction for breach by the other party, if the merger has not been consummated by May 5, 2007 and under certain other specified circumstances. If MedPanel elects to terminate the transaction other than as specifically permitted, or if the transaction is terminated because MedPanel elects to enter into an alternative transaction, then MedPanel will be obligated to pay MCF a termination fee of \$1,000,0000 plus expenses. For a description of each party's termination rights, as well as the termination fee, see Summary of the Terms of the Merger Agreement Termination of Agreement; Termination Fee.

QUESTIONS AND ANSWERS ABOUT THE PROPOSED TRANSACTION

Q:

Why am I receiving this prospectus/ information statement?

A:

MCF has agreed to acquire MedPanel under the terms of a merger agreement that is described in this prospectus/ information statement. Please see the discussion in the section entitled Certain Terms of the Merger Agreement. A copy of the merger agreement is attached to this prospectus/ information statement as Annex A. On November 7, 2006, MedPanel stockholders adopted the merger agreement and approved the merger pursuant to an action by written consent. As a result, no further approval of MedPanel stockholders is needed to complete the merger.

Q:

What will happen in connection with the proposed transaction?

A:

In the merger, MedPanel and a wholly owned subsidiary of MCF will merge with and into MedPanel and, as a result, MedPanel will become a wholly owned subsidiary of MCF. Pursuant to this merger, the stockholders of MedPanel will become stockholders of MCF and will no longer be stockholders of MedPanel. In this prospectus/ information statement we sometimes refer to this merger as the first merger, and references to the merger, unless specified otherwise, shall also refer to this merger. Immediately following the merger, in a second merger, MedPanel will merge into another wholly owned subsidiary of MCF that is organized as a limited liability company. The surviving company of the second merger will be the limited liability company, a wholly owned subsidiary of MCF and it will be the ultimate surviving entity of the mergers. There will be no change to the former MedPanel stockholders ownership of MCF common stock as a result of the second merger. In this prospectus/ information statement we sometimes refer to the first merger and second merger, taken together as a whole, as the mergers. For a more detailed discussion of the merger and the effects of the merger, see The Merger Summary of the Terms of the Merger Agreement.

Q:

What will I be entitled to receive at closing pursuant to the merger?

A:

The first part of the merger consideration is an amount equal to \$6.5 million, payable solely in shares of MCF common stock priced at \$4.20 (as adjusted for the 1-for-7 reverse stock split that was effective on November 16, 2006). The pricing of MCF common stock was based on the 20 day trading average of MCF common stock leading up to the date on which the Merger Agreement was signed. As a result, a total of approximately 1,548,000 shares of MCF common stock will be issuable to the holders of MedPanel common stock, preferred stock and options that are in the money. Holders of options to purchase MedPanel common stock at the closing will receive, in consideration for, and after giving effect to the cancellation of, their respective options, an aggregate amount (taking into account the consideration payable at closing and any incentive consideration) equal to the amount each holder would have received if the option had been exercised immediately prior to closing, less the exercise price for each option share and all applicable taxes. Of the approximately 1,548,000 shares to be issued at closing, approximately 154,800 of such shares will be held in escrow and be subject to reduction for balance sheet adjustments and indemnification obligations. Of the shares to be held in escrow, up to approximately 61,300 shares will be issued to holders of MedPanel preferred stock and up to approximately 93,500 shares will be issued to holders of MedPanel common

stock and in the money options. Of the approximately 1,548,000 shares to be issued at closing, approximately 613,000 shares will be issued to holders of MedPanel preferred stock in satisfaction of their aggregate approximately \$2.6 million liquidation preference, and approximately 935,000 shares will be issued to holders of MedPanel common stock and in the money options.

The holders of each share of MedPanel stock of the various series and classes listed below will receive the following on closing:

- Series C Preferred Stock (liquidation preference \$0.40 per share) will receive .095 shares of MCF common stock,
- Series B Preferred Stock (liquidation preference \$0.32 per share) will receive .076 shares of MCF common stock,
- Series A Preferred Stock (liquidation preference \$0.238 per share) will receive .057 shares of MCF common stock and,
- common stock will receive .047 shares of MCF common stock.

The number of shares of MCF common stock issuable to each holder of MedPanel common stock, preferred stock and options will be rounded up to the next whole number of shares and no fractional shares or cash in lieu of fractional shares will be paid by MCF.

Q:

Am I eligible to receive potential additional consideration at a later date pursuant to the merger?

If the MedPanel business unit of MCF achieves cumulative revenue and cumulative earnings before interest, taxes, depreciation and amortization (EBITDA) of at least \$20 million and \$1.5 million respectively, for the three year period commencing January 1, 2007 and ending December 31, 2009, then MCF will pay additional merger consideration payable 50% in shares of MCF common stock and 50% in cash (the number of shares of MCF common stock to be issued will be based on the then current average trading price of MCF common stock, but in no event less than \$5.25 or greater than \$29.75). The actual amount of additional merger consideration, if any, that may become payable pursuant to the merger agreement will be based on a formula tied to the actual cumulative revenue and cumulative EBITDA achieved. The consideration payable if the minimum cumulative revenue and cumulative EBITDA thresholds of \$20 million and \$1.5 million, respectively, are achieved is \$210,000 and the maximum additional merger consideration that may become payable is \$11.455 million. Any additional merger consideration will be allocated:

•

first to each share of common stock until an amount equal to the Series A liquidation preference has been allocated to each share of common stock;

•

second, ratably to each share of common stock and Series A preferred stock until an amount, when added to the amounts previously allocated to each such share (including the merger consideration payable at closing) equal to the Series B liquidation preference has been allocated to each share of common stock and Series A preferred stock;

•

third, ratably to each share of common stock, Series A preferred stock and Series B preferred stock until an amount, when added to the amounts previously allocated to each such share equal to the Series C liquidation preference has been allocated to each share of common stock, Series A preferred stock and Series B preferred stock; and

•

finally, ratably to each share of common stock and preferred stock until the additional merger consideration has been exhausted. A holder of a MedPanel option that is not in the money at closing will be entitled to receive additional merger consideration if and to the extent that the total amount of merger consideration allocated to each share of MedPanel common stock exceeds the exercise price and applicable taxes for such holder's option.

The value of MCF shares used to determine the merger consideration payable at closing, \$4.20 per share, is the same as that used to determine the number of shares issuable to preferred shareholders in consideration of the liquidation preference and the number of shares that will be used cover indemnification claims covered by the escrow. Of the aggregate consideration that holders of MedPanel common stock, preferred stock and options are entitled to receive, assuming payment in full of the milestone amount, approximately 68% of such consideration will be payable in shares of MCF common stock and approximately 32% will be payable in cash.

Q:

When and under what conditions will I be entitled to receive the shares of MCF common stock held in escrow?

Of the approximately 154,800 shares of MCF common stock to be held in escrow, approximately 46,900 shares of MCF common stock held in escrow will be used to satisfy adjustments, if any, to the merger consideration if the net working capital or cash on hand of MedPanel, as of the date of consummation of the merger, are less than target amounts established in the merger agreement. The merger agreement provides for these shares to be released promptly to the former holders of MedPanel common stock, preferred stock and options following agreement of the closing date balance sheet. The final closing date balance sheet is scheduled to be delivered and reviewed within 90 days of the closing of the merger. The merger agreement contains a dispute resolution procedure if the closing date balance sheet is not agreed on within that time, which could delay release of these shares.

The remaining approximately 107,900 shares of MCF common stock will be held in escrow for a period of 18 months after the closing date of the merger. These shares will be held as collateral to satisfy any indemnification claims that may be made by MCF under the merger agreement. Shares that have not been used

to satisfy indemnification claims, or used to cover expenses of the MedPanel stockholder representative, will be released promptly to the former holders of MedPanel common stock, preferred stock and options after the 18 month anniversary of the closing of the merger. For purposes of determining the number of shares of MCF common stock held in escrow that will be offset and returned to MCF in satisfaction of any valid claims, the shares of MCF common stock will be valued at \$4.20 (as adjusted for the 1-for-7 reverse stock split that was effective on November 16, 2006), irrespective of when such claim is actually made (or at what price MCF common stock is then trading). Shares that have not been returned to MCF to satisfy any reduction in the merger consideration or to cover the expenses of the stockholder representative will be released to the former holders of MedPanel common stock, preferred stock and options. MedPanel has appointed William J. Febbo, the current Chief Executive Officer of MedPanel, as the MedPanel stockholder representative with respect to the escrow account. Mr. Febbo will be authorized to make decisions and take actions regarding the escrow account on the stockholders' behalf.

Q:

What will happen to options to acquire MedPanel common stock upon the merger?

A:

Each option to purchase shares of MedPanel common stock that is outstanding immediately prior to the effective time of the merger will be cancelled in exchange for the right to receive payment of the merger consideration in an amount equal to the amount of merger consideration distributable per share of common stock (after giving effect to the amounts distributable to the MedPanel option holders) minus the exercise price of such option shares and applicable taxes. Please review the preceding Q&A for additional information.

Q:

Will there be restrictions on reselling MCF common stock issued in the Merger? (Page 12 and 34)

A:

All of MedPanel's stockholders will be subject to a lock-up which prohibits the sale of MCF common stock they receive in the merger for a period of twelve months after the closing of the merger. In addition, recipients of MCF common stock who are considered affiliates of either MedPanel or MCF will have to comply with Rule 145 of the Securities Act in reselling their shares.

Q:

What do I need to do now?

A:

We urge you to read this prospectus/ information statement carefully, including its annexes, and to consider how the merger affects you. The merger has already been approved by the board of directors of each of MCF and MedPanel, and by the stockholders of MedPanel. You are not being asked to vote on the merger agreement. Instead, this prospectus/ information statement is being provided to you for informational purposes, including to alert you of appraisal rights you may have if you hold MedPanel capital stock.

Q: What vote was needed to adopt the merger agreement?

A:

The merger did not require the vote of MCF stockholders. The vote required of the stockholders of MedPanel was the affirmative vote of the holders of a majority of the outstanding shares of capital stock of MedPanel, voting as a single class on an as-converted basis. On November 7, 2006, the requisite vote from MedPanel stockholders was received by written consent and the merger agreement was adopted by the MedPanel stockholders.

Q:

Did the MedPanel board of directors recommend the merger?

A:

Yes. The MedPanel board of directors unanimously determined that the merger is advisable and fair to, and in the best interests of, MedPanel's stockholders. The MedPanel board of directors has also unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The reasons for MedPanel's board of directors' determination are discussed in greater detail in the section entitled "The Merger - MedPanel's Reasons for the Merger; Recommendation of the MedPanel Board of Directors."

Q:

What are the conditions to completion of the merger?

A:

The respective obligations of MCF, Panel Intelligence and MedPanel Acquisition, on the one hand, and MedPanel, on the other, to complete the merger and the other transactions contemplated by the merger agreement are subject to the satisfaction or waiver of certain conditions (including the accuracy of representations, performance of covenants, obtaining required consents, absence of material adverse change and effectiveness of the registration statement to which this prospectus/information statement forms a part). MCF must also ensure that the shares of MCF common stock issuable at closing are listed on the American Stock

Exchange. Additional conditions that need to be satisfied by MedPanel include delivery of its audited 2005 financials, delivery of an opinion of its legal counsel, continued employment of certain employees of MedPanel with Panel Intelligence, removal of non-permitted liens, and payment or cancellation of all stockholder loans. To review the conditions to closing in greater detail, see [Certain Terms of the Merger Agreement](#) [Conditions to the Closing of the Merger](#).

Q:

Should I send in my MedPanel stock certificates now?

A:

No. After the merger is completed, holders of MedPanel common stock and preferred stock will receive written instructions for exchanging stock certificates representing shares of MedPanel capital stock for the merger consideration described above, subject to the terms of the merger agreement.

Q:

When do you expect the merger to be completed?

A:

We are working toward completing the merger as quickly as possible. There are certain conditions that must be satisfied or waived prior to the completion of the merger, including the registration of the MCF common stock to be issued in connection with the merger.

Q:

Will the proposed merger be completed?

A:

It is possible that the proposed merger will not be completed for any one of a number of reasons, such as the failure of one of the parties to satisfy a condition of closing.

Q:

Am I entitled to appraisal rights?

A:

The merger agreement has already been adopted by the required vote of the stockholders of MedPanel. However, holders of MedPanel capital stock who did not vote in favor of adoption of the merger agreement and approval of the mergers, who hold their shares of MedPanel capital stock of record and continue to own those shares through the effective time of the merger and who properly demand appraisal of their shares in writing are entitled to appraisal rights pursuant to the merger agreement under Section 262 of the General Corporation Law of the State of Delaware, or the DGCL, which is attached to this prospectus/information statement as Annex B.

Under Section 262, MedPanel stockholders who comply with the procedures set forth in Section 262 will be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment of the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with

a fair rate of interest, if any, as determined by the court.

In order for a MedPanel stockholder to exercise appraisal rights, a written demand for appraisal as provided in the DGCL must be sent by such stockholder and such stockholder must comply with the other procedures required by the DGCL, as more fully described in the section entitled Appraisal Rights. Failure to send such demand or to follow such other procedures will result in the waiver of such stockholder's appraisal rights. See the section entitled Appraisal Rights and Annex B for a description of the procedures that must be followed to perfect such rights.

MCF stockholders do not have appraisal rights in connection with the issuance of MCF common stock pursuant to the merger.

Q:

Are there risks I should consider in deciding whether to exercise my appraisal rights in connection with the merger?

A:

Yes. In evaluating the merger, you should carefully consider the factors discussed in the section entitled Risk Factors.

Q:

Will MedPanel stockholders recognize a taxable gain or loss for United States federal income tax purposes as a result of the mergers?

A:

It is expected that the merger of a MCF subsidiary into MedPanel, followed by a second merger of MedPanel into another MCF subsidiary, taken together as a whole, will qualify as a reorganization under Section 368(a) of the Internal Revenue Code. The exchange of shares of MedPanel common stock and MedPanel preferred stock solely for shares of MCF common stock will not be a taxable transaction to MedPanel stockholders for United States federal income tax purposes. MedPanel stockholders will, however, recognize gain with respect to the

cash portion, if any, of the merger consideration, in the amount equal to the lesser of the amount of gain realized, or the amount of cash received.

Q:

Are there any regulatory consents or approvals that are required to complete the merger?

A:

Neither MCF nor MedPanel is aware of the need to obtain any regulatory approvals in order to complete the merger other than that the registration statement of which this prospectus/information statement is a part must be declared effective by the Securities and Exchange Commission. MCF and MedPanel intend to obtain this approval and make the necessary filings and any additional regulatory approvals and filings that may be required. However, neither of the parties can assure you that all of the approvals will be obtained.

Q:

Who can help answer my questions?

A:

If you would like additional copies, without charge, of this prospectus/information statement or if you have questions about the merger, you should contact:

MCF Corporation

Attn: Christopher Aguilar

600 California Street, 9th Floor

San Francisco, California 94108

Telephone No. (415) 248-5600

MedPanel, Inc.

Attn: William J. Febbo

44 Brattle Street, Suite 4

Cambridge, Massachusetts 02138

Telephone No. (617) 661-8080

SUMMARY

Because this is a summary, it does not contain all information that may be important to you. You should read this entire prospectus/information statement, including the information incorporated by reference and the financial data and related notes, before making an investment decision. When used in this prospectus, the terms we, our and us refer to MCF. You should carefully read this entire document and the other documents to which this document refers in order to fully understand the merger. See the section entitled Where You Can Find Additional Information beginning on page 102. The merger agreement is attached as Annex A to this prospectus/information statement. For a discussion of the risk factors that you should carefully consider, see the section entitled Risk Factors beginning on page 14.

The Merger and the Merger Agreement

MCF, MedPanel, MedPanel Acquisition I Corp., Panel Intelligence, LLC and William Febbo as Principal Stockholder and Stockholder Representative, have entered into an Agreement and Plan of Merger dated November 6, 2006, which we refer to in this document as the merger agreement, that provides for the acquisition of MedPanel by MCF. We encourage you to read the merger agreement as it is the legal document that governs the merger. Under the terms of the merger agreement, two mergers will actually take place. In the first merger, MedPanel Acquisition I Corp will merge with and into MedPanel, with MedPanel being the surviving corporation. This is referred to in the merger agreement as the first merger. Next, the surviving corporation will be merged with and into Panel Intelligence, LLC, with Panel Intelligence, LLC being the surviving LLC. This is referred to in the merger agreement as the second merger. The surviving company of the two mergers will be Panel Intelligence, LLC.

The Companies

MCF is a financial services holding company that provides investment banking, equity research, institutional brokerage and asset management through its operating subsidiaries, Merriman Curhan Ford & Co. and MCF Asset Management, LLC. MCF focuses on providing a full range of specialized and integrated services to institutional investors and corporate clients. Merriman Curhan Ford & Co. is an investment bank and securities broker-dealer focused on fast growing companies and institutional investors. Its mission is to become a leader in the researching, advising, financing and trading of fast growing companies under \$2 billion in market capitalization. Merriman Curhan Ford & Co. provides equity research, brokerage and trading services primarily to institutions, as well as investment banking and advisory services to corporate clients. MCF Asset Management, LLC manages absolute return investment products for institutional and high-net worth clients. During 2006, MCF Asset Management, LLC introduced the MCF Navigator fund and MCF Voyager fund. Additionally, MCF Asset Management, LLC is the sub-advisor for the MCF Focus fund. As of December 31, 2006, assets under management across its three fund products were nearly \$30 million.

MedPanel Acquisition I Corp. is a Delaware corporation and a wholly-owned subsidiary of MCF, incorporated in 2006 solely for the purpose of effecting the merger.

Panel Intelligence, LLC is a Delaware limited liability company and a wholly-owned subsidiary of MCF, incorporated in 2006 solely for the purpose of effecting the merger.

The mailing address of our principal executive offices is 600 California Street, 9th Floor, San Francisco, California 94108. Our telephone number is (415) 248-5600 and our web site address is www.merrimanco.com. Information contained on our web site is not part of this prospectus/information statement.

MedPanel, Inc. is an online medical market intelligence firm that serves life sciences companies and health care investors through its proprietary methodologies and vast network of leading physicians, medical researchers, allied health professionals and other important healthcare constituencies. MedPanel, based in Cambridge, Massachusetts, offers an online research platform providing clients around the globe greater strategic direction for investment

decisions, product development, and marketing. MedPanel offers customized qualitative, quantitative and syndicated health care and medical research, and is best known for its in-depth, customized online focus groups.

The mailing address of MedPanel's principal executive office is 44 Brattle St., Suite 4, Cambridge, Massachusetts 02138. MedPanel's telephone number is (617) 661-8080. MedPanel maintains a website at www.medpanel.com. However, information found on MedPanel's website is not a part of this prospectus/information statement.

Summary of the Merger (Page 37)

Upon the closing of the merger, holders of MedPanel capital stock and options to acquire MedPanel common stock will be entitled to receive for each share of MedPanel capital stock or option, consideration, payable in shares of MCF common stock, equal to such holders' portion of the aggregate merger consideration consisting of 1,548,119 shares of MCF common stock payable at the closing of the merger, subject to certain potential adjustments and an escrow of 10% of the shares. The MCF common stock and all other merger consideration will be distributed first, to the holders of MedPanel preferred stock in satisfaction of the liquidation preference of such shares under MedPanel's certificate of incorporation and thereafter, to the holders of MedPanel capital stock on a fully-diluted as converted basis, after deducting from any amount payable to the holders of preferred stock such amounts previously distributed in satisfaction of the liquidation preference. Holders of options to purchase MedPanel common stock will receive, in exchange for the options, an amount equal to what each holder would receive if he or she exercised the options, minus the exercise price for each option and all applicable taxes. Of the merger consideration to be held in escrow, 7% of the shares of MCF common stock will be held in escrow for a period of 18 months after the closing date of the merger. These shares will be held as collateral to satisfy any indemnification claims that may be made by MCF under the merger agreement. Shares that have not been used to satisfy indemnification claims, or used to cover expenses of the MedPanel Stockholder Representative, will be released to former MedPanel stockholders promptly after the 18 month anniversary of the closing of the merger. The remaining 3% of the shares of MCF common stock held in escrow will be used to satisfy adjustments, if any, to the merger consideration if the net working capital or cash on hand of MedPanel, as of the date of consummation of the merger, are less than target amounts established in the merger agreement.

Shares that have not been returned to MCF to satisfy any reduction in the merger consideration to be used to cover the expenses of the stockholder representative will be released to the former MedPanel stockholders. MedPanel has appointed William J. Febbo, the current Chief Executive Officer of MedPanel, as the MedPanel stockholders representative with respect to the escrow account. Mr. Febbo will be authorized to make decisions and take actions regarding the escrow account on the stockholders' behalf.

MCF is registering the 1,548,119 shares of MCF common stock with the Securities and Exchange Commission pursuant to this prospectus/information statement prior to the closing of the transaction. The consummation of the acquisition is subject to the effectiveness of this prospectus/information statement with the Securities and Exchange Commission.

Additionally, holders of MedPanel capital stock and options to acquire MedPanel common stock will be entitled to receive additional consideration on or about March 2010 if the MedPanel business unit of MCF achieves specific revenue and profitability milestones. The payment of the incentive consideration will be 50% in cash and 50% in the MCF's common stock and may not exceed \$11.455 million (the number of shares of MCF common stock to be issued will be based on the then current average trading price of MCF common stock, but in no event less than \$5.25 or greater than \$29.75).

Share Ownership of Directors and Executive Officers of MCF and MedPanel; Stockholder Vote

At the close of business on November 6, 2006, directors and executive officers of MCF and their affiliates beneficially owned and were entitled to vote approximately 3,215,650 shares of MCF common stock, collectively representing approximately 25% of the shares of MCF common stock outstanding on that date.

At the close of business on November 6, 2006, directors and executive officers of MedPanel and their affiliates beneficially owned and were entitled to vote approximately 14,504,000 shares of MedPanel common stock, collectively representing approximately 79.3% of the shares of MedPanel common stock outstanding on that date, and approximately 1,845,295 shares of MedPanel preferred stock, collectively representing approximately 61.7% of the shares of MedPanel capital stock outstanding on that date.

The merger did not require the vote of MCF's stockholders. The vote required of the stockholders of MedPanel was the affirmative vote of the holders of a majority of the outstanding shares of capital stock of MedPanel, voting as a single class on an as-converted basis. On November 7, 2006, the requisite vote from MedPanel stockholders was received by written consent and the merger agreement was adopted by the MedPanel stockholders.

MCF Market Price Data

MCF common stock is listed on The American Stock Exchange under the symbol MEM. On November 6, 2006, the last full trading day prior to the public announcement of the proposed merger, the last sale price of MCF's common stock was \$4.20 per share as adjusted for the 1-for-7 reverse stock split that was effective on November 16, 2006. On March 7, 2007, the last sale price of MCF's common stock was \$4.59 per share.

Material United States Federal Income Tax Consequences of the Mergers (Page 32)

It is expected that the merger of an MCF subsidiary into MedPanel, followed by a second merger of MedPanel into another MCF subsidiary, taken together as a whole, will qualify as a reorganization under Section 368(a) of the Internal Revenue Code. The exchange of shares of MedPanel common stock and MedPanel preferred stock solely for shares of MCF common stock will not be a taxable transaction to MedPanel stockholders for United States federal income tax purposes. MedPanel stockholders will, however, recognize gain with respect to the cash portion, if any, of the merger consideration, in an amount equal to the lesser of the amount of gain realized, or the amount of cash received. Additionally, a MedPanel stockholder will recognize gain or loss with respect to any cash received in lieu of a fractional share of MCF common stock.

Tax matters are very complicated, and the tax consequences of the mergers to a MedPanel stockholder will depend on the facts of each holder's own situation. We encourage each MedPanel stockholder to carefully read the discussion in the section entitled "The Merger - Material United States Federal Income Tax Consequences of the Mergers" and to consult the stockholder's own tax advisor for a full understanding of the tax consequences of the mergers.

Accounting Treatment (Page 31)

MCF will account for the merger under the purchase method of accounting for business combinations under accounting principles generally accepted in the United States, which we refer to as U.S. GAAP.

Regulatory Approvals (Page 36)

Neither MCF nor MedPanel is aware of the need to obtain any material regulatory approvals in order to complete the merger other than that the registration statement of which this prospectus/information statement is a part must be declared effective by the Securities and Exchange Commission.

MedPanel's Reasons for the Merger (Page 27)

MedPanel's board of directors unanimously approved the merger, the merger agreement and the other transactions contemplated by the merger agreement based on the determination that the terms of the merger were fair to, and in the best interests of, MedPanel and its stockholders and represent the best strategic alternative to MedPanel after investigation of all known practical alternatives. In the course of reaching its decision to approve the merger agreement, the MedPanel board of directors consulted with MedPanel's management, as well as its financial, legal, accounting and other advisors, and considered a number of factors which included the various risks and rewards associated with continuing as an independent company or seeking a combination with another party. After further scrutiny of such factors, such as the value of the consideration to be received by the stockholders as well as the public market for shares of MCF common stock, the MedPanel board of directors determined that the potential benefits of a combination with MCF outweighed the potential benefits associated with alternative ventures or opportunities and outweighed the potential risks associated with such a combination. Specifically, the merger will enable MedPanel stockholders to participate in, and benefit from the future growth potential of, a larger, publicly held company with a greater depth of technologies, marketing opportunities and financial and operating resources that should enhance MedPanel's ability to bring technology to market.

MCF's Reasons for the Merger

MCF believes a business combination with MedPanel will enhance its already strong position in industry research and will allow it to leverage MedPanel's business in the health care vertical market by:

-

expanding MedPanel's distribution to a broader base of financial institutions through MCF's subsidiary Merriman Curhan Ford & Co.;

- identifying and launching new vertical market products, including information technology and next generation energy;
- creating new products or applications based on MedPanel's research, potentially including investment banking services and asset management products;
- using MCF's status as a publicly traded company to execute the above strategies, possibly through further acquisitions.

MCF's board of directors has determined that the merger is in the best interests of MCF and its stockholders and has approved the merger agreement, the merger, the issuance of shares of MCF common stock to be issued pursuant to the merger and the other transactions contemplated by the merger agreement. In reaching its determination, MCF's board of directors considered a number of factors, including the factors discussed above and listed below. The conclusions reached by MCF's board of directors with respect to the following factors supported its determination that the merger and the issuance of shares of MCF common stock pursuant to the merger were fair to, and in the best interests of, MCF and its stockholders:

- the judgment, advice and analysis of MCF's management and its financial and legal advisors with respect to the potential strategic, financial and operational benefits of the transaction, including management's favorable recommendation of the transaction, based in part on the business, technical, financial, accounting and legal due diligence investigations performed with respect to MedPanel and its subsidiaries;
- the expected qualification of the transactions contemplated by the merger agreement as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;
- the results of operations and financial condition of MCF and MedPanel; and
- the terms of the merger agreement and the agreements related to the merger, including the consideration to be paid by MCF and the structure of the merger which were considered by both the board of directors and management of MCF to provide a fair and equitable basis for the transaction.

MCF's board of directors also considered a number of risks and potentially negative factors in its deliberation concerning the merger, including in particular:

- the risk that the transaction might not be completed in a timely manner or at all;
-

the potential loss of key MedPanel employees critical to the ongoing success of MedPanel's business and to the successful integration of MCF's business and MedPanel's business;

•

the general difficulties of integrating products, technologies and companies;

•

the risk that the benefits sought to be achieved by the transaction, including those outlined above, will not be achieved;

•

the effect of public announcement of the transaction on MCF's common stock;

•

the other risks and uncertainties discussed above in the section entitled "Risk Factors"; and

•

the risk of diverting management resources from other strategic opportunities and operational matters for a period of time.

The above discussion of information and factors considered by MCF's board of directors is not intended to be exhaustive but is believed to include all material factors considered by MCF's board of directors. In view of the wide variety of factors considered by MCF's board of directors, the board did not find it practicable to quantify or otherwise assign relative weight to the specific factors considered. In addition, MCF's board of directors did not reach any specific conclusion on each factor considered, or any aspect of any particular factor, but conducted an overall analysis of these factors.

Individual members of MCF's board of directors may have given different weight to different factors. However, after taking into account all of the factors described above, MCF's board of directors determined that the merger, the merger agreement, the issuance of shares of MCF's common stock to be issued pursuant to the merger and the other agreements related to the merger were fair to, and in the best interests of, MCF and MCF's stockholders, and that MCF should proceed with the merger.

Interests of MedPanel s Directors and Management in the Merger (Page 28)

Certain MedPanel directors and officers have interests in the merger that may be different from, or are in addition to, other stockholders of MedPanel. These interests include employment of MedPanel executive officers by MCF after the merger and the indemnification of Mr. Febbo, in his capacity as a director of MCF.

Notice to MedPanel Stockholders (Page 98)

This prospectus/information statement serves as notice to MedPanel stockholders pursuant to Section 228(e) of the DGCL that on November 7, 2006, by action by written consent without a meeting, the MedPanel stockholders adopted the merger agreement and approved an amendment to MedPanel s certificate of incorporation.

MEDPANEL S MARKET PRICE AND DIVIDEND INFORMATION

There is no established public trading market for MedPanel s capital stock.

No cash dividends have ever been declared with respect to any class of MedPanel s capital stock. Other than the protective provisions and dividend preferences of the MedPanel preferred stock pursuant to MedPanel s certificate of incorporation, there are no restrictions on the ability of MedPanel to pay dividends.

As of November 6, 2006 there were 146 holders of MedPanel capital stock, of which there were approximately 109 holders of its common stock, 16 holders of its Series A preferred stock, 13 holders of its Series B preferred stock and 9 holders of its Series C preferred stock. Each share of MedPanel Series A, Series B and Series C preferred stock is convertible into MedPanel common stock.

Upon the consummation of the transactions contemplated by the merger agreement, all shares of the capital stock and options to acquire capital stock of MedPanel will be cancelled in exchange for a right to receive a portion of the merger consideration distributed in accordance with the allocation and priority set forth in the merger agreement.

RISK FACTORS

If you are a MedPanel stockholder, you should consider each of the following factors as well as the other information in this prospectus/information statement before deciding whether to exercise statutory appraisal rights in connection with the merger. If any of the following risks actually occur, our business and financial results could be harmed. In that case the trading price of our common stock could decline. You should also refer to the other information set forth in this prospectus/information statement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 in this prospectus/information statement, including our financial statements and the related notes.

Risks Related to the Transaction

The number of shares of MCF common stock that you will be entitled to receive is based on the average of the MCF closing price for the 20 trading days immediately prior to November 6, 2006 of \$4.20 per share as adjusted for the 1-for-7 reverse stock split that was effective November 16, 2006, which could be lower than the market value of the shares.

The use of an exchange price that is tied to the average of the closing prices over a period of time is intended to provide MedPanel stockholders with a negotiated level of appropriate value of MCF common stock for each share of MedPanel common stock and MedPanel preferred stock on a fully diluted, as-converted basis exchanged for MCF common stock. However, you may not be able to sell your shares at the average price used for the calculation, which was \$4.20 per share. If the exchange price of \$4.20 per share is higher than the market price of the MCF common stock at the effective time of the merger, the MCF common stock issued pursuant to the merger would be worth less than the nominal amount of initial merger consideration per share of MedPanel common stock. Also, the shares issued pursuant to the merger will be subject to a 12 month lock-up. MCF common stock may be worth less than \$4.20 per share by the time you are able to sell the shares received in the merger.

If the financial performance milestones are not met, MedPanel stockholders and option holders will not receive the maximum amount of consideration payable pursuant to the merger agreement.

In addition to the merger consideration to be paid to MedPanel stockholders upon the closing of the merger, MedPanel stockholders and option holders are entitled to receive their pro rata portion (determined on a fully diluted, as-converted basis including all outstanding options) of additional aggregate consideration of between \$210,000 and \$11.455 million, payable 50% in cash and 50% in MCF common stock (the number of shares of MCF common stock to be issued will be based on the then current average trading price of MCF common stock, but in no event less than \$5.25 or greater than \$29.75), subject to offset for damages incurred by MCF for which it is entitled to indemnification pursuant to the merger agreement, if the MedPanel business unit of MCF achieves certain cumulative revenue and cumulative EBITDA milestones during the three year period from January 1, 2007 through December 31, 2009. However, there can be no guarantee that any of the milestones will be achieved. If none of the milestones are achieved, no additional consideration will be payable. For a detailed discussion of the potential consideration payable upon achievement of these financial performance milestones, see the section entitled Certain Terms of the Merger Agreement Merger Consideration.

The additional consideration payable upon achievement of the financial performance milestones may be subject to offset for indemnification purposes.

Pursuant to the terms of the merger agreement, 50% of the cash portion of any additional consideration payable upon the achievement of the financial performance milestones will be subject to offset for claims for damages for which MCF is entitled to indemnification pursuant to the merger agreement. If MCF asserts a claim for indemnification for damages, you may not receive your full pro rata portion of the potential additional consideration. See the section entitled Summary of the Terms of the Merger Agreement Indemnification.

The Stockholder Representative may not act in the manner you desire.

William J. Febbo, the Chief Executive Officer of MedPanel, has been appointed as the stockholder representative to act as the stockholders' representative in certain matters involving the indemnification by the stockholders of MCF and the holdback escrow and offset of certain amounts which the stockholders and option holders may be entitled to receive upon achievement of the performance milestones. As stockholder representative,

Mr. Febbo will have the right, among other things, to compromise and to settle claims for damages made by MCF against any of the escrow amounts or any of the additional consideration payable to the stockholders. The stockholder representative may not act in the manner you desire and decisions made by the stockholder representative could have the effect of reducing the aggregate consideration you ultimately receive pursuant to the merger.

We may not realize all of the anticipated benefits of the merger.

Achieving the anticipated benefits of the merger will depend in part upon our ability to integrate MedPanel's businesses in an efficient and effective manner. The integration of two companies that have previously operated independently may result in significant challenges, and we and MedPanel may be unable to accomplish the integration smoothly or successfully. The difficulties of integrating the two companies include, among others:

- retaining key employees;
- maintenance of important relationships of MCF and MedPanel;
- minimizing the diversion of management's attention from ongoing business matters;
- coordinating geographically separate organizations; and
- consolidating corporate and administrative infrastructures.

We cannot assure you that the integration of MedPanel with our business will result in the realization of the full benefits anticipated by us to result from the merger. We may not derive any commercial value from MedPanel's current technology, products and intellectual property or from future technologies and products that utilize MedPanel's intellectual property.

If the mergers fail to qualify as a tax-free reorganization, you will recognize gain or loss on the exchange of your MedPanel shares.

MCF and MedPanel have structured the transaction to qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code. The Internal Revenue Service has not provided a ruling on the mergers. If the mergers fail to qualify as a tax-free reorganization, you would generally recognize gain or loss on each share of MedPanel capital stock surrendered in the merger in an amount equal to the difference between your basis in such share and the fair market value of the MCF common stock and cash you receive or may receive in exchange for each share of MedPanel capital stock. You should consult with your own tax advisor regarding the proper reporting of the amount and timing of such gain or loss.

Incremental expenses resulting from the application of the purchase method of accounting and related to MedPanel's ongoing operations may adversely affect the market value of our common stock following the merger.

In accordance with U.S. GAAP, the mergers will be accounted for using the purchase method of accounting, which will result in incremental expenses that could have an adverse impact on the market value of our common stock following completion of the merger. Under the purchase method of accounting, the total estimated purchase price will be allocated to MedPanel's net tangible assets and identifiable intangible assets based on their fair values as of the date of completion of the merger. The excess of the purchase price over those fair values will be recorded as goodwill. Goodwill is not amortized but is tested for impairment at least annually. The combined company will incur additional amortization expense based on the identifiable amortizable intangible assets acquired pursuant to the merger agreement and their relative useful lives. Additionally, to the extent the value of goodwill or identifiable intangible assets or other long-lived assets become impaired, the combined company may be required to record material charges relating to the impairment. These amortization and potential impairment charges could have a material impact on the combined company's results of operations.

We will incur incremental costs, principally related to amortization of intangible assets and stock-based compensation after completion of the merger. Changes in earnings per share, including changes that result from this incremental expense, could adversely affect the trading price of our common stock.

If a MedPanel stockholder exercises statutory appraisal rights, the value such stockholder receives could be less than the amount per share such stockholder would otherwise receive pursuant to the merger agreement.

Pursuant to Section 262 of the DGCL, MedPanel stockholders who perfect appraisal rights provided thereunder are entitled to an appraisal by the Delaware courts of the fair value of each share of MedPanel capital stock held by such stockholder and to receive payment from us of the appraised fair value, together with interest. The determination by the court of the fair value of shares of MedPanel capital stock will be made exclusive of any element of value arising from the accomplishment or expectation of the merger, including the anticipated benefits resulting from the merger, and thus the fair value could be equal to an amount per share which is less than the amount per share that a MedPanel stockholder would be entitled to receive pursuant to the merger agreement. See the section entitled Certain Terms of the Merger Agreement Appraisal Rights.

Directors and officers of MedPanel may have conflicts of interest that may influence them to support or approve the merger.

Although the MedPanel board of directors recommended to the MedPanel stockholders that they adopt the merger agreement, MedPanel stockholders should be aware that certain members of the MedPanel board of directors and executive officers of MedPanel have interests in the transactions contemplated by the merger agreement that may be different from, or are in addition to, the general interests of MedPanel stockholders. MedPanel stockholders should consider whether these interests may have influenced these directors and executive officers to support or recommend the merger transaction. For a detailed discussion of the interests of the directors and executive officers of MedPanel, see the section entitled The Merger Interests of MedPanel's Directors and Management in the Merger.

Upon completion of the merger, holders of MedPanel capital stock will be entitled to become holders of our common stock, and the market price for our common stock may be affected by factors different from those affecting the value of the capital stock of MedPanel.

Our business differs from that of MedPanel, and accordingly, the combined company will face risks that are different from those faced by MedPanel and the results of operations of the combined company will be affected by some factors different from those currently affecting the results of operations of MedPanel. For a discussion of our business and of certain factors to consider in connection with our business, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and the section in this prospectus/information statement entitled Risk Factors Risks Related to Our Business.

The combined company may not be able to successfully integrate companies that it acquires in the future.

The success of the combined company will depend in part on its ability to continually enhance and broaden its product offerings in response to changing technologies, customer demands and competitive pressures. From time to time the combined company may pursue acquisitions of businesses that complement or expand its existing business, including acquisitions that could be material in size and scope.

-

Any future acquisitions involve various risks, including:

-

difficulties in integrating the operations, technologies and products of the acquired company;

-

the risk of diverting management's attention from normal daily operations of the business;

-

potential difficulties in completing projects associated with in-process research and development;

-

risks of entering markets in which the combined company has no or limited direct prior experience and where competitors in such markets have stronger market positions;

-

initial dependence on unfamiliar supply chains or relatively small supply partners;

-

insufficient revenues to offset increased expenses associated with the acquisition; and

-

the potential loss of key employees of the acquired company.

Risks Related to Our Business

It is difficult to evaluate our business and prospects because we have a limited operating history.

We began actively engaging in providing securities brokerage and investment banking services in January 2002. This was an entirely new business for us, and was a complete break with our previous business, the bandwidth brokerage business. Accordingly, we have a limited operating history on which to base an evaluation of our business and prospects. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by fast growing companies in their early stage of development. We cannot assure you that we will be successful in addressing these risks and our failure to do so could have a material adverse effect on our business and results of operations.

We may not be able to maintain a positive cash flow and profitability.

Our ability to maintain a positive cash flow and profitability depends on our ability to generate and maintain greater revenue while incurring reasonable expenses. This, in turn, depends, among other things, on the development of our securities brokerage and investment banking business, and we may be unable to maintain profitability if we fail to do any of the following:

- establish, maintain and increase our client base;
- manage the quality of our services;
- compete effectively with existing and potential competitors;
- further develop our business activities;
- manage expanding operations; and
- attract and retain qualified personnel.

We cannot be certain that we will be able to sustain or increase a positive cash flow and profitability on a quarterly or annual basis in the future. Our inability to maintain profitability or positive cash flow could result in disappointing financial results, impede implementation of our growth strategy or cause the market price of our common stock to decrease. Accordingly, we cannot assure you that we will be able to generate the cash flow and profits necessary to sustain our business expectations, which makes our ability to successfully implement our business plan uncertain.

Because we are a developing company, the factors upon which we are able to base our estimates as to the gross revenue and the number of participating clients that will be required for us to maintain a positive cash flow and any

additional financing that may be needed for this purpose are unpredictable. For these and other reasons, we cannot assure you that we will not require higher gross revenue, and an increased number of clients, securities brokerage and investment banking transactions, and/or more time in order for us to complete the development of our business that we believe we need to be able to cover our operating expenses, or obtain the funds necessary to finance this development. It is more likely than not that our estimates will prove to be inaccurate because actual events more often than not differ from anticipated events. Furthermore, in the event that financing is needed in addition to the amount that is required for this development, we cannot assure you that such financing will be available on acceptable terms, if at all.

The markets for securities brokerage and investment banking services are highly competitive. If we are not able to compete successfully against current and future competitors, our business and results of operations will be adversely affected.

We are engaged in the highly competitive financial services and investment industries. We compete with large Wall Street securities firms, securities subsidiaries of major commercial bank holding companies, U.S. subsidiaries of large foreign institutions, major regional firms, smaller niche players, and those offering competitive services via the Internet. Many competitors have greater personnel and financial resources than we do. Larger competitors are able to advertise their products and services on a national or regional basis and may have a greater number and variety of distribution outlets for their products, including retail distribution. Discount and Internet brokerage firms market their services through aggressive pricing and promotional efforts. In addition, some competitors have much

more extensive investment banking activities than we do and therefore, may possess a relative advantage with regard to access to deal flow and capital.

Increased pressure created by any current or future competitors, or by our competitors collectively, could materially and adversely affect our business and results of operations. Increased competition may result in reduced revenue and loss of market share. Further, as a strategic response to changes in the competitive environment, we may from time to time make certain pricing, service or marketing decisions or acquisitions that also could materially and adversely affect our business and results of operations. We cannot assure you that we will be able to compete successfully against current and future competitors. In addition, new technologies and the expansion of existing technologies may increase the competitive pressures on us.

We may experience reduced revenue due to declining market volume, securities prices and liquidity, which can also cause counterparties to fail to perform.

Our revenue may decrease in the event of a decline in the market volume of securities transactions, prices or liquidity. Declines in the volume of securities transactions and in market liquidity generally result in lower revenue from trading activities and commissions. Lower price levels of securities may also result in a reduction in our revenue from corporate finance fees, as well as losses from declines in the market value of securities held by us in trading. Sudden sharp declines in market values of securities can result in illiquid markets and the failure of counterparties to perform their obligations, as well as increases in claims and litigation, including arbitration claims from customers. In such markets, we may incur reduced revenue or losses in our principal trading, market-making, investment banking, and advisory services activities.

We may experience significant losses if the value of our marketable security positions deteriorates.

We conduct securities trading, market-making and investment activities for our own account, which subjects our capital to significant risks. These risks include market, credit, counterparty and liquidity risks, which could result in losses for us. These activities often involve the purchase, sale or short sale of securities as principal in markets that may be characterized as relatively illiquid or that may be particularly susceptible to rapid fluctuations in liquidity and price. Trading losses resulting from such trading could have a material adverse effect on our business and results of operations.

We may experience significant fluctuations in our quarterly operating results due to the nature of our business and therefore may fail to meet profitability expectations.

Our revenue and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including:

-

the level of institutional brokerage transactions and the level of commissions we receive from those transactions;

-

the valuations of our principal investments;

-

the number of capital markets transactions completed by our clients, and the level of fees we receive from those transactions; and

- variations in expenditures for personnel, consulting and legal expenses, and expenses of establishing new business units, including marketing and technology expenses.

- We record revenue from a capital markets advisory transaction only when we have rendered the services, the client is contractually obligated to pay and collection is probable; generally, most of the fee is earned only upon the closing of a transaction. Accordingly, the timing of our recognition of revenue from a significant transaction can materially affect our quarterly operating results.

We have registered one of our subsidiaries as a securities broker-dealer and, as such, are subject to substantial regulations. If we fail to comply with these regulations, our business will be adversely affected.

Because we have registered Merriman Curhan Ford & Co. with the Securities and Exchange Commission, or SEC, and the National Association of Securities Dealers, Inc., or NASD, as a securities broker-dealer, we are subject to extensive regulation under federal and state laws, as well as self-regulatory organizations. The principal purpose

of regulation and discipline of broker-dealers is the protection of customers and the securities markets rather than protection of creditors and stockholders of broker-dealers. The Securities and Exchange Commission is the federal agency charged with administration of the federal securities laws. Much of the regulation of broker-dealers, however, has been delegated to self-regulatory organizations, such as the NASD and national securities exchanges. The NASD is our primary self-regulatory organization. These self-regulatory organizations adopt rules, which are subject to SEC approval, that govern the industry and conduct periodic examinations of member broker-dealers. Broker-dealers are also subject to regulation by state securities commissions in the states in which they are registered. The regulations to which broker-dealers are subject cover all aspects of the securities business, including net capital requirements, sales methods, trading practices among broker-dealers, capital structure of securities firms, record keeping and the conduct of directors, officers and employees. The SEC and the self-regulatory bodies may conduct administrative proceedings, which can result in censure, fine, suspension or expulsion of a broker-dealer, its officers or employees. If we fail to comply with these rules and regulations, our business may be materially and adversely affected.

The regulatory environment in which we operate is also subject to change. Our business may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other United States or foreign governmental regulatory authorities or the NASD. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and the NASD.

Our business may suffer if we lose the services of our executive officers or operating personnel.

We depend on the continued services and performance of D. Jonathan Merriman, our Chairman and Chief Executive Officer, for our future success. In addition to Mr. Merriman, we are currently managed by a small number of key management and operating personnel. Our future success depends, in part, on the continued service of our key executive, management and technical personnel, and our ability to attract highly skilled employees. Our business could be harmed if any key officer or employee were unable or unwilling to continue in his or her current position. From time to time we have experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees. Competition for employees in our industry is significant. If we are unable to retain our key employees or attract, integrate or retain other highly qualified employees in the future, such failure may have a material adverse effect on our business and results of operations.

Our business is dependent on the services of skilled professionals, and may suffer if we can not recruit or retain such skilled professionals.

During 2006, no sales professional accounted for more than 10% of our revenue. We have a number of revenue producers employed by our various businesses. We do not have employment contracts with these employees. The loss of one or more of these employees could adversely affect our business and results of operations.

Our compensation structure may negatively impact our financial condition if we are not able to effectively manage our expenses and cash flows.

We are able to recruit and retain investment banking, research and sales and trading professionals, in part because our business model provides that we pay our revenue producing employees a percentage of their earned revenue. Compensation and benefits is our largest expenditure and this variable compensation component represents a significant proportion of this expense. Compensation for our employees is derived as a percentage of our revenue regardless of our profitability. Therefore, we may continue to pay individual revenue producers a significant amount of cash compensation as the overall business experiences negative cash flows and/or net losses. We may not be able to recruit or retain revenue producing employees if we modify or eliminate the variable compensation component from our business model.

We may be dependent on a limited number of customers for a significant portion of our revenue.

During 2006, no single customer accounted for more than 10% of our revenue. However, we have been dependent on one customer or on a small number of customers, for a large percentage of our revenue at some times in the past and we cannot assure you that we will not become so dependent again in the future. If we do become dependent on a single customer or small group of customers, the loss of one or more large customers could materially adversely affect our business and results of operations.

We may suffer losses through our investments in securities purchased in secondary market transactions or private placements.

Occasionally, our company, its officers and/or employees may make principal investments in securities through secondary market transactions or through direct investment in companies through private placements. In many cases, employees and officers with investment discretion on behalf of our company decide whether to invest in our company's account or their personal account. It is possible that gains from investing will accrue to these individuals because investments were made in their personal accounts, and our company will not realize gains because it did not make an investment. Conversely, it is possible that losses from investing will accrue to our company, while these individuals do not experience losses in their personal accounts because the individuals did not make investments in their personal accounts.

We may be unable to effectively manage rapid growth that we may experience, which could place a continuous strain on our resources and, accordingly, adversely affect our business.

We plan to expand our operations. Our growth, if it occurs, will impose significant demands on our management, financial, technical and other resources. We must adapt to changing business conditions and improve existing systems or implement new systems for our financial and management controls, reporting systems and procedures and expand, train and manage a growing employee base in order to manage our future growth. We may not be able to implement improvements to our internal reporting systems in an efficient and timely manner and may discover deficiencies in existing systems and controls. We believe that future growth will require implementation of new and enhanced communications and information systems and training of our personnel to operate such systems. Furthermore, we may acquire existing companies or enter into strategic alliances with third parties, in order to achieve rapid growth. For us to succeed, we must make our existing business and systems work effectively with those of any strategic partners without undue expense, management distraction or other disruptions to our business. We may be unable to implement our business plan if we fail to manage any of the above growth challenges successfully. Our financial results may suffer and we could be materially and adversely affected if that occurs.

Our business and operations would suffer in the event of system failures.

Our success, in particular our ability to successfully facilitate securities brokerage transactions and provide high-quality customer service, largely depends on the efficient and uninterrupted operation of our computer and communications systems. Our systems and operations are vulnerable to damage or interruption from fire, flood, power loss, telecommunication failures, break-ins, earthquake and similar events. Despite the implementation of network security measures, redundant network systems and a disaster recovery plan, our servers are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays, loss of data or the inability to accept and fulfill customer orders. Additionally, computer viruses may cause our systems to incur delays or other service interruptions, which may cause us to incur additional operating expenses to correct problems we may experience. Any of the foregoing problems could materially adversely affect our business or future results of operations.

We are highly dependent on proprietary and third-party systems; therefore, system failures could significantly disrupt our business.

Our business is highly dependent on communications and information systems, including systems provided by our clearing brokers. Any failure or interruption of our systems, the systems of our clearing broker or third party trading systems could cause delays or other problems in our securities trading activities, which could have a material adverse effect on our operating results. In addition, our clearing brokers provide our principal disaster recovery system. We cannot assure you that we or our clearing brokers will not suffer any systems failure or interruption, including one caused by an earthquake, fire, other natural disaster, power or telecommunications failure, act of God, act of war or otherwise, or that our or our clearing brokers' back-up procedures and capabilities in the event of any such failure or

interruption will be adequate.

Our common stock price may be volatile, which could adversely affect the value of your shares.

The market price of our common stock has in the past been, and may in the future continue to be, volatile. A variety of events may cause the market price of our common stock to fluctuate significantly, including:

- variations in quarterly operating results;
- our announcements of significant contracts, milestones, acquisitions;
- our relationships with other companies;
- our ability to obtain needed capital commitments;
- additions or departures of key personnel;
- sales of common stock, conversion of securities convertible into common stock, exercise of options and warrants to purchase common stock or termination of stock transfer restrictions;
- general economic conditions, including conditions in the securities brokerage and investment banking markets;
- changes in financial estimates by securities analysts; and
- fluctuation in stock market price and volume.

Many of these factors are beyond our control. Any one of the factors noted herein could have an adverse effect on the value of our common stock.

In addition, the stock market in recent years has experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of many companies and that often have been unrelated to the operating performance of such companies. These market fluctuations have adversely impacted the price of our common stock in the past and may do so in the future.

Our risk management policies and procedures may leave us exposed to unidentified or unanticipated risk.

Our risk management strategies and techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.

We are exposed to the risk that third parties that owe us money, securities or other assets will not perform their obligations. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, breach of contract or other reasons. We are also subject to the risk that our rights against third parties may not be enforceable in all circumstances. As a clearing member firm, we finance our customer positions and could be held responsible for the defaults or misconduct of our customers. Although we regularly review credit exposures to specific clients and counterparties and to specific industries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to detect or foresee. In addition, concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect us. If any of the variety of instruments, processes and strategies we utilize to manage our exposure to various types of risk are not effective, we may incur losses.

We could be sued in a securities class action lawsuit.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation often has been instituted against that company. Such litigation is expensive and diverts management's attention and resources. We can not assure you that we will not be subject to such litigation. If we are subject to such litigation, even if we ultimately prevail, our business and financial condition may be adversely affected.

Your ability to sell your shares may be restricted because there is a limited trading market for our common stock.

Although our common stock is currently traded on the American Stock Exchange, an active trading market in our stock has been limited. Accordingly, you may not be able to sell your shares when you want or at the price you want.

Anti-takeover provisions of the Delaware General Corporation Law could discourage a merger or other type of corporate reorganization or a change in control even if it could be favorable to the interests of our stockholders.

The Delaware General Corporation Law contains provisions that may enable our management to retain control and resist our takeover. These provisions generally prevent us from engaging in a broad range of business

combinations with an owner of 15% or more of our outstanding voting stock for a period of three years from the date that such person acquires his or her stock. Accordingly, these provisions could discourage or make more difficult a change in control or a merger or other type of corporate reorganization even if it could be favorable to the interests of our stockholders.

Because our Board of Directors can issue common stock without stockholder approval, you could experience substantial dilution.

Our Board of Directors has the authority to issue up to 300,000,000 shares of common stock and to issue options and warrants to purchase shares of our common stock without stockholder approval in certain circumstances. Future issuance of additional shares of our common stock could be at values substantially below the price at which you may purchase our stock and, therefore, could represent substantial dilution. In addition, our Board of Directors could issue large blocks of our common stock to fend off unwanted tender offers or hostile takeovers without further stockholder approval.

Our ability to issue additional preferred stock may adversely affect your rights as a common stockholder and could be used as an anti take-over device.

Our Articles of Incorporation authorize our Board of Directors to issue up to an additional 27,450,000 shares of preferred stock, without approval from our stockholders. If you hold our common stock, this means that our Board of Directors has the right, without your approval as a common stockholder, to fix the relative rights and preferences of the preferred stock. This would affect your rights as a common stockholder regarding, among other things, dividends and liquidation. We could also use the preferred stock to deter or delay a change in control of our company that may be opposed by our management even if the transaction might be favorable to you as a common stockholder.

Our officers and directors exercise significant control over our affairs, which could result in their taking actions of which other stockholders do not approve.

Our executive officers and directors, and entities affiliated with them, currently control approximately 26% of our outstanding common stock including exercise of their options and warrants. These stockholders, if they act together, will be able to exercise substantial influence over all matters requiring approval by our stockholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control of us and might affect the market price of our common stock.

Any exercise of outstanding stock options and warrants will dilute then-existing stockholders' percentage of ownership of our common stock.

We have a significant number of outstanding stock options and warrants. During 2006, shares issuable upon the exercise of these options and warrants, at prices ranging currently from approximately \$0.35 to \$49.00 per share, represent approximately 11% of our total outstanding stock on a fully diluted basis using the treasury stock method.

The exercise of the outstanding options and warrants would dilute the then-existing stockholders' percentage ownership of our common stock. Any sales resulting from the exercise of options and warrants in the public market could adversely affect prevailing market prices for our common stock. Moreover, our ability to obtain additional equity capital could be adversely affected since the holders of outstanding options and warrants may exercise them at a time when we would also wish to enter the market to obtain capital on terms more favorable than those provided by such options and warrants. We lack control over the timing of any exercise or the number of shares issued or sold if exercises occur.

**IMPORTANT NOTE REGARDING MCF CORPORATION
SHARE PRICES AND NUMBERS**

At 11:59pm Eastern Standard Time on November 15, 2006, MCF Corporation effected a 1-for-7 reverse stock split of its common stock. All share prices and numbers used herein have been adjusted to reflect this reverse stock split.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This prospectus/information statement and the documents incorporated by reference into this prospectus/information statement contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if they materialize or prove incorrect, could cause the results of MCF and its consolidated subsidiaries, on the one hand, or MedPanel, on the other, to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of earnings, revenues, synergies, accretion, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans and the anticipated timing of filings, approvals and closings relating to the merger or other planned acquisitions; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

The risks, uncertainties and assumptions referred to above include the challenges of integration associated with the merger and the challenges of achieving anticipated synergies; the challenge of managing asset levels; the difficulty of keeping expense growth at modest levels while increasing revenues; the possibility that the merger or other planned acquisitions may not close or that MCF, MedPanel or other parties to planned acquisitions may be required to modify some aspects of the acquisition transactions in order to obtain regulatory approvals; the assumption of maintaining revenues on a combined company basis following the merger; and other risks that are described in the section entitled Risk Factors, and in the documents that are incorporated by reference into this prospectus/information statement.

If any of these risks or uncertainties materialize or any of these assumptions prove incorrect, results of MCF and MedPanel could differ materially from the expectations in these statements. Except for our ongoing obligation to disclose material information as required by federal securities laws, we do not intend to update you concerning any future revisions to any forward-looking statements to reflect events or circumstances occurring after the date of this prospectus/information statement.

For more information, see the section entitled Where You Can Find More Information.

THE MERGER

Background of the Merger

The management and boards of directors of each of MCF and MedPanel continually review their respective companies' market positions in light of the changing competitive environment of the primary research and investment banking business with the objective of determining what strategic alternatives are available to enhance stockholder value. Over the past 6 months, the management of each of MCF and MedPanel have had conversations with other companies to explore opportunities to improve the companies' respective market positions, including through potential acquisitions or dispositions of assets, joint ventures and other strategic transactions. In particular, from time to time, MedPanel has solicited interest, and has otherwise received inquiries from third parties seeking to discuss a potential acquisition of MedPanel.

The provisions of the merger agreement are the result of arm's-length negotiations conducted among representatives of MCF and MedPanel and their respective legal and financial advisors. The following is a summary of the meetings, negotiations and discussions between the parties that preceded the execution of the merger agreement.

In late 2004, Howard Brick, the Managing Director - Financial Services of MedPanel, contacted Greg Curhan, the Executive Vice President of MCF, to describe MedPanel's business and market its services to MCF.

During the ensuing two years, Messrs. Brick and Curhan remained in contact, and periodically discussed the progress of MedPanel's business.

On April 30, 2006, MedPanel engaged Covington Associates as its exclusive financial advisor to assist the MedPanel board of directors and management in evaluating MedPanel's strategic alternatives for growing stockholder value, including strategic alliances, joint ventures, technology licenses, divestitures or mergers.

In May of 2006, Mr. Brick informed Mr. Curhan that MedPanel was exploring its strategic opportunities, and Covington sent Mr. Curhan an executive summary of MedPanel's business along with a non-disclosure agreement. MCF executed the non-disclosure agreement, and thereafter received an investment memorandum containing additional information regarding MedPanel.

On June 2, 2005, Mr. Curhan and William Febbo, the Chief Executive Officer of MedPanel, Mr. Brick and Benjamin Dunn, a Partner at Covington and financial advisor to MedPanel, met to learn about the respective business of MedPanel and MCF and to discuss the possibility of a business combination.

On June 6, 2006, Mr. Febbo and Mr. Brick visited MCF's executive office in San Francisco to meet with Jon Merriman, the Chairman and Chief Executive Officer of MCF, Robert Ford, the President and Chief Operating Officer of MCF, John Hiestand, the Chief Financial Officer of MCF, and Mr. Curhan, to further discuss a potential business combination between MCF and MedPanel. On June 8, 2006, Mr. Merriman, met with Messrs. Febbo and Brick in Boston to further discuss the possibility of a business combination between MCF and MedPanel. Further executive and due diligence meetings ensued in late June and July.

On July 13, 2006, Mr. Febbo, Mr. Brick and Mr. Dunn met with members of MCF's senior management to review MCF's operations and further discuss a potential business combination between MCF and MedPanel.

On July 19, 2006, Mr. Curhan sent Mr. Febbo an offer letter and a term sheet proposing the acquisition by MCF of MedPanel.

On July 24, 2006, the same letter and term sheet was presented to the MCF board of directors for review and consideration. The members of the MCF board discussed the proposed MedPanel acquisition at its board meeting held

on August 4, 2006.

From July 20, 2006 through August 2006 the MedPanel board of directors held several meetings with its management team members and financial advisors to review and discuss the terms of the proposal.

On August 16, 2006, Mr. Curhan and Messrs. Brock Ganeles and William Banks, both MCF officers, visited MedPanel and met with Messrs. Febbo and Brick, as well as Mr. John Thompson, the chairman of the MedPanel board of directors, to further discuss the proposed business combination and the term sheet.

On September 1, MedPanel received a revised term sheet from MCF.

On September 7, the MedPanel board of directors met to discuss the revised term sheet received from MCF.

Messrs. Febbo and Brick attended MCF's annual Investor Summit in San Francisco from September 18, 2006 through September 20, 2006, and took this opportunity to more about MCF and better assess the proposed business combination with MCF.

On September 22, MedPanel received a term sheet from MCF with further revisions.

On September 26, 2006, Mr. Febbo and the MedPanel board of directors reviewed several offers regarding strategic combinations with third parties generated by Covington. MedPanel's board of directors held meetings at which potential terms of a possible acquisition of MedPanel were discussed. Representatives of Covington made presentations regarding MCF and a potential business combination with MCF at these meetings. The board of directors discussed and determined that the opportunity presented by the proposed MCF acquisition was the most attractive opportunity for MedPanel. For a more detailed discussion of this determination, see *The Merger* MedPanel's Reasons for the Merger. At the meeting the board of directors unanimously approved the authorization of management to proceed with the negotiation of a potential transaction with MCF on the terms presented.

On September 29, 2006, after extended negotiations by MCF and MedPanel over a two month period, MCF and MedPanel entered into a non-binding letter of intent contemplating the acquisition of MedPanel by MCF. The parties also entered into an exclusivity letter agreement that restricted MCF and MedPanel from pursuing alternative transactions for a period of 60 days.

On October 4, 2006, Messrs. Curhan, Banks, and Hiestand and Chris Aguilar, the General Counsel of MCF, respectively, and Robert Mazzeo, outside counsel to MCF, and Messrs. Dunn and Febbo and Mark Stein of McDermott Will & Emery LLP, outside counsel to MedPanel, met at MCF's Boston office to discuss how the proposed acquisition would be structured, the timing of the transaction and other material issues pertaining to the proposed acquisition.

On October 9, 2006, MCF provided a draft merger agreement to MedPanel for review, and the companies' respective legal advisors began negotiation of the merger agreement and related transaction documents.

Throughout October 2006, Mr. Curhan and Mr. Febbo held various conversations relating to the structure and terms of the transaction. In particular, a structure under which a portion of the consideration would be subject to milestones was discussed and negotiated.

On October 16, 2006, Messrs. Curhan, Merriman, Banks, Febbo, Brick and Thompson met to discuss the proposed business combination, including issues identified by their respective legal advisors during the course of preparing and negotiating the merger agreement.

On October 18, 2006, the board of directors of MedPanel met to discuss the merger agreement, the strategic rationale for it, benefits to MedPanel stockholders, risks associated with the transaction and their overall analysis of the transaction. Messrs. Curhan and Banks attended a portion of MedPanel's board meeting, and gave a presentation setting forth MCF's rationale for the acquisition of MedPanel. Representatives from Covington and McDermott Will & Emery LLP, outside counsel to MedPanel, were also present.

MCF continued with its due diligence of MedPanel, including several diligence calls and visits to MedPanel during the week of October 23, 2006.

On November 2, 2006, the board of directors of MedPanel met by telephone conference to discuss the merger agreement and remaining outstanding issues. Representatives of Covington and McDermott Will & Emery participated in the telephone conference.

The MCF board of directors held its regularly scheduled meeting on November 3, 2006. During this meeting, the board discussed and considered the proposed acquisition further, and was given a presentation by MCF's financial advisor with respect to the proposed transaction. Also on November 3, 2006, Mr. Febbo and the other members of the board of directors of MedPanel participated in discussions regarding the merger agreement.

On November 5, 2006, MCF, MedPanel and their respective legal advisors concluded negotiations regarding the definitive merger agreement.

On November 6, 2006, the board of directors of MCF convened a special meeting and voted in favor of the acquisition of MedPanel. Also on November 6, 2006, the board of directors of MedPanel adopted and approved the merger agreement by written consent. Finally on November 6, 2006, the parties executed and delivered the merger agreement.

On November 7, 2006, the stockholders of MedPanel holding a majority of the outstanding voting stock of MedPanel adopted and approved the merger agreement and the transactions contemplated therein by means of an action by written consent in lieu of a meeting.

Following the close of trading on November 7, 2006, MCF announced the execution of the merger agreement and the proposed merger in a press release.

MCF's Reasons for the Merger

MCF believes a business combination with MedPanel will enhance its already strong position in industry research and will allow it to leverage MedPanel's business in the health care vertical market by:

- expanding MedPanel's distribution to a broader base of financial institutions through MCF's subsidiary Merriman Curhan Ford & Co.;
- identifying and launching new vertical market products, potentially including technology and next generation energy;
- creating new products or applications based on MedPanel's research, potentially including investment banking services and asset management products;
- using MCF's status as a publicly traded company to execute the above strategies, possibly through further acquisitions.

MCF's board of directors has determined that the merger is in the best interests of MCF and its stockholders and has approved the merger agreement, the merger, the issuance of shares of MCF common stock to be issued pursuant to the merger and the other transactions contemplated by the merger agreement. In reaching its determination, MCF's board of directors considered a number of factors, including the factors discussed above and listed below. The conclusions reached by MCF's board of directors with respect to the following factors supported its determination that the merger and the issuance of shares of MCF common stock pursuant to the merger were fair to, and in the best interests of, MCF and its stockholders:

- the judgment, advice and analysis of MCF's management and its financial and legal advisors with respect to the potential strategic, financial and operational benefits of the transaction, including management's favorable recommendation of the transaction, based in part on the business, technical, financial, accounting and legal due diligence investigations performed with respect to MedPanel and its subsidiaries;
-

the results of operations and financial condition of MCF and MedPanel; and

-

the terms of the merger agreement and the agreements related to the merger, including the consideration to be paid by MCF and the structure of the merger which were considered by both the board of directors and management of MCF to provide a fair and equitable basis for the transaction.

MCF's board of directors also considered a number of risks and potentially negative factors in its deliberation concerning the merger, including in particular:

-

the risk that the transaction might not be completed in a timely manner or at all;

-

the potential loss of key MedPanel employees critical to the ongoing success of MedPanel's business and to the successful integration of MCF's business and MedPanel's business;

-

the general difficulties of integrating products, technologies and companies;

-

the risk that the benefits sought to be achieved by the transaction, including those outlined above, will not be achieved;

-

the effect of public announcement of the transaction on MCF's common stock;

-

the other risks and uncertainties discussed above in the section entitled "Risk Factors"; and

- the risk of diverting management resources from other strategic opportunities and operational matters for a period of time.

The above discussion of information and factors considered by MCF's board of directors is not intended to be exhaustive but is believed to include all material factors considered by MCF's board of directors. In view of the wide variety of factors considered by MCF's board of directors, the board did not find it practicable to quantify or otherwise assign relative weight to the specific factors considered. In addition, MCF's board of directors did not reach any specific conclusion on each factor considered, or any aspect of any particular factor, but conducted an overall analysis of these factors.

Individual members of MCF's board of directors may have given different weight to different factors. However, after taking into account all of the factors described above, MCF's board of directors determined that the merger, the merger agreement, the issuance of shares of MCF's common stock to be issued pursuant to the merger and the other agreements related to the merger were fair to, and in the best interests of, MCF and MCF's stockholders, and that MCF should proceed with the merger.

MedPanel's Reasons for the Merger; Recommendation of the MedPanel Board of Directors

The MedPanel board of directors unanimously approved the merger and the merger agreement and believes that the terms of the merger are fair to, and in the best interest of, MedPanel and its stockholders. In the course of reaching its decision to approve the merger agreement, the MedPanel board of directors consulted with MedPanel's management, as well as its legal, accounting and other advisors, and considered the following material factors:

- the risks and potential rewards associated with continuing to execute MedPanel's strategic plan as an independent entity as an alternative to consummating the merger. These risks include, among others, MedPanel's uncertain future profitability, potential difficulties in obtaining necessary additional financing to remain a stand-alone entity, its reliance on a limited number of customers for a substantial portion of its revenues, and its uncertain ability to compete effectively against larger and better capitalized competitors. The rewards include, among others, the ability of MedPanel, as a stand-alone entity, to partner with multiple other companies, within and without the financial services industry, to distribute MedPanel's products and services, and of existing MedPanel stockholders to benefit from the growth in earnings and growth in the value of MedPanel as result of any such growth in earnings;

- the possibility of seeking to be acquired by a company other than MCF, and the MedPanel board of directors conclusion that neither a transaction with another party nor any other alternative would reasonably be likely to result in greater value to the stockholders than the proposed transaction with MCF. The MedPanel board of directors considered the several acquisition proposals received by MedPanel after a six month solicitation process managed by the experienced investment bankers of Covington and evaluated the value of the consideration being offered by MCF in its acquisition proposal as compared with each alternative proposal and determined that the consideration to be paid by MCF would yield the greatest return to MedPanel stockholders of the acquisition alternatives. In reaching this conclusion, the MedPanel board of directors considered that the value of the consideration payable at closing to the MedPanel stockholders under the MCF proposal was equal to or greater than the consideration payable at closing under each other proposal considered by MedPanel and that the MCF acquisition proposal also provided for additional contingent merger consideration, payable upon the achievement by MedPanel of financial performance milestones, not provided for under any other proposal. The MedPanel board of directors further concluded that the transaction with MCF would yield greater benefits than the alternatives given MCF's financial resources and its ability to fund a

greater number of long-term growth projects and to compete effectively. The board of directors also concluded that MCF's platform in the financial services industry would provide MedPanel with the ability to expand its product and service offerings beyond the healthcare industry in which MedPanel has historically operated, while enabling MedPanel to expand its customer base and revenues in that industry. MedPanel's board of directors also found MCF's willingness and ability to consummate the merger quickly and on favorable terms to be in the best interests of its stockholders;

-

the value of the consideration provided for in the merger agreement based on the then-current market price and historical trading price of MCF common stock over the past year. The price of MCF common stock used for the merger, \$4.20 per share, was significantly below its high for the year to date of \$10.08 and was near its year to date low of \$3.78 per share, causing the MedPanel board of directors to believe it had

significant upside potential. They also believed MCF had attractive future prospects for revenue and earnings growth;

•

the interests that certain executive officers and directors of MedPanel may have with respect to the merger in addition to their general interests as stockholders of MedPanel. The board of directors of MedPanel considered the merger consideration that would be received by the directors and management of MedPanel in their position as stockholders in respect of the merger consideration to be received by stockholders generally, as well as the reasonableness of the compensation and ongoing employment arrangements that would remain in place between MedPanel management and MCF after the merger, in determining that the terms of the merger were fair to the MedPanel stockholders. For a more detailed discussion of the interests of MedPanel's directors and management in the merger, see the section entitled "The Merger - Interests of MedPanel's Directors and Management in the Merger";

•

the ability of MedPanel stockholders to participate in, and benefit from the future growth potential of, a larger, publicly held company with greater depth of technologies, marketing opportunities and financial and operating resources that should enhance MedPanel's ability to bring its securities and technology to market. The board of directors determined that MedPanel's ability to expand and diversify its product and service offerings would benefit from MCF's technology platform and relationships and its greater marketing opportunities and resources;

•

the availability of appraisal rights under Section 262 of the DGCL. The MedPanel board of directors reviewed the acquisition alternatives and determined that the structure of a merger would permit dissenting stockholders with a remedy, through the proper exercise of their appraisal rights, not present in other acquisition structures; and

•

the discussions with Covington, its financial advisor, regarding the merits and risks of the merger. The MedPanel board of directors discussed with Covington the value of the merger consideration offered in the MCF transaction and compared that consideration amount to the consideration offered in each acquisition alternative. The MedPanel board of directors considered that the consideration payable at closing to the MedPanel stockholders under the MCF proposal was equal to or greater than the consideration payable at closing under each other proposal considered by MedPanel. The discussions included discussion of the overall value of the merger consideration to be paid at the closing of the merger and the contingent, incentive consideration payable if certain financial milestones are achieved as well as the risks that no further consideration would be paid if the milestones were not achieved. In this evaluation the MedPanel board of directors also considered that the MCF acquisition proposal provided for additional contingent merger consideration, payable upon the achievement by MedPanel of financial performance milestones, not provided for under any other proposal. MedPanel's board of directors considered this information in making its determination that an acquisition by MCF under the terms of the merger agreement is fair to, and in the best interest of, MedPanel and its stockholders.

In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the MedPanel board of directors did not find it useful to and did not attempt to quantify, rank or otherwise assign relative weights to these factors. Different MedPanel directors may have given different weight to individual factors. In addition, the MedPanel board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor was favorable or unfavorable to the ultimate determination of the MedPanel board of directors, but rather the MedPanel board of directors conducted an overall analysis of the factors described above, including discussions with and questioning of MedPanel's management and financial, legal, accounting and other advisors.

Interests of MedPanel's Directors and Management in the Merger

You should be aware that, as described below, the directors and officers of MedPanel may have interests in the merger that may be different from, or in addition to, the general interests of the other stockholders of MedPanel. The MedPanel board of directors was aware of these interests to the extent they existed at the time and considered them, among other matters, in approving the merger, the merger agreement and the transactions contemplated by the merger agreement. These other interests, to the extent material, include the following:

Director and Officer Indemnification

MCF has agreed that for a period of 6 years following the closing of the merger, the surviving company shall maintain provisions in its governance documents that are comparable to the provisions contained in MedPanel's certificate of incorporation and bylaws that relate to exculpation or indemnification of former officers, directors and managers (unless required by law), and to maintain insurance for MedPanel's former officers and directors, covering director and officer liability for actions taken by or omitted to be taken by the officers and directors of MedPanel in their capacity as such prior to or at the closing of the merger, and with coverage comparable to the coverage provided to the officers and directors of MCF.

Stock Ownership by Executive Officers and Directors

As of the close of business on November 6, 2006, executive officers and directors of MedPanel beneficially owned approximately 64.21% of the outstanding shares of MedPanel's capital stock, assuming exercise of all options and warrants exercisable for shares of MedPanel capital stock within 60 days of November 6, 2006. For further detail regarding the value of these interests, please see the table in the section entitled "Interests of MedPanel Directors and Management in the Merger - Value of Certain Interests of MedPanel Directors and management in the Merger."

Stock Options

Immediately prior to the closing of the merger, each outstanding option to purchase shares of MedPanel common stock will be cancelled and converted into the right to receive the amount of merger consideration to which a corresponding share of MedPanel capital stock would be entitled pursuant to the merger agreement, minus the exercise price of their option share and applicable taxes. Each of these options will also include the right to receive a proportionate share of any additional merger consideration, payable 50% in shares of MCF common stock and 50% in cash to the extent that the financial performance milestones are achieved and additional consideration is extended or paid to the former MedPanel stockholders as a result. At the close of business on November 6, 2006:

•

William Febbo, Howard Brick, Janet Kosloff and Matthew Fearer held options to purchase 1,170,000, 410,000, 361,250 and 186,250 shares of MedPanel common stock, respectively; and

•

all executive officers and directors of MedPanel as a group held options to purchase 2,127,500 shares of MedPanel common stock.

The outstanding options to purchase MedPanel common stock held by executive officers or members of the MedPanel board of directors will accelerate and become vested, with respect to all of the shares of common stock subject to such options, in connection with the completion of the merger, in the same fashion as all other outstanding options. In particular, William Febbo, Howard Brick, Janet Kosloff and Matthew Fearer are each entitled to 100% of vesting with respect to all of their options to purchase shares of MedPanel common stock in connection with the merger. For further detail regarding the value of these interests, please see the table in the section entitled "Interests of MedPanel Directors and Management in the Merger - Value of Certain Interests of MedPanel Directors and management in the Merger."

	Liquidation Preference Paid from Merger Consideration at Closing	Distribution of Merger Consideration at Closing After Liquidation Preference	Additional Pro Rata Distribution if 100% of Additional Merger Consideration is Earned	Cash Payments Under an Employment Agreement Paid as a Result of the Merger	Cash Payments Under a Retention Agreement Paid as a Result of the Merger	Cash Payments Under a Severance Agreement Paid as a Result of the Merger	Cash Payments Under a Directorship Agreement Paid as a Result of the Merger
John Thompson							
Common Stock	\$ 0	\$ 168,367	\$ 350,019				
Preferred Stock	\$ 204,000	\$ 0	\$ 170,823				
Options	\$ 0	\$ 0	\$ 0				
Amount of Cash Payment				\$ 0	\$ 0	\$ 0	\$ 0
Jane T. Philippi							
Common Stock	\$ 0	\$ 57,382	\$ 127,593				
Preferred Stock	\$ 99,284	\$ 0	\$ 80,695				
Options	\$ 0	\$ 0	\$ 0				
Amount of Cash Payment				\$ 0	\$ 0	\$ 0	\$ 0
Arthur Hiller							
Common Stock	\$ 0	\$ 8,659	\$ 18,008				
Preferred Stock	\$ 0	\$ 0	\$ 0				
Options	\$ 0	\$ 0	\$ 0				
Amount of Cash Payment				\$ 0	\$ 0	\$ 0	\$ 0
George Hackl							
Common Stock	\$ 0	\$ 18,279	\$ 38,014				
Preferred Stock	\$ 75,000	\$ 0	\$ 58,552				
Options	\$ 0	\$ 0	\$ 0				
Amount of Cash Payment				\$ 0	\$ 0	\$ 0	\$ 0
Howard Brick							
Common Stock	\$ 0	\$ 48,105	\$ 100,081				
Preferred Stock	\$ 0	\$ 0	\$ 0				
Options	\$ 0	\$ 0	\$ 106,438				
Amount of Cash Payment				\$ 0	\$ 0	\$ 0	\$ 0

	Liquidation Preference Paid from Merger Consideration at Closing	Distribution of Merger Consideration After Liquidation Preference	Additional Pro Rata Distribution if 100% of Additional Merger Consideration is Earned	Cash Payments Under an Employment Agreement Paid as a Result of the Merger	Cash Payments Retention Agreement Paid as a Result of the Merger	Cash Payments Severance Agreement Paid as a Result of the Merger	Cash Payments Directorship Agreement Paid as a Result of the Merger
Matthew Fearer							
Common Stock	\$ 0	\$ 0	\$ 0				
Preferred Stock	\$ 0	\$ 0	\$ 0				
Options	\$ 0	\$ 17,863	\$ 46,562				
Amount of Cash Payment				\$ 0	\$ 0	\$ 0	\$ 0
Janet Kosloff							
Common Stock	\$ 0	\$ 0	\$ 0				
Preferred Stock	\$ 0	\$ 0	\$ 0				
Options	\$ 0	\$ 41,036	\$ 94,527				
Amount of Cash Payment				\$ 0	\$ 0	\$ 0	\$ 0

Changes in MCF's Board of Directors

MCF has agreed to use its best efforts to cause William Febbo to be elected to MCF's board of directors. In furtherance of the foregoing, MCF shall use its best efforts to cause (i) its board of directors, at its first regularly board meeting following the closing of the merger, to nominate Febbo for election as a director, and (ii) the election of Febbo as a director at each annual stockholder meeting of MCF. The obligations of MCF to do so shall cease at such time that Febbo's employment with the surviving company or MCF (if applicable) is terminated (other than a termination of Febbo's employment without cause or a resignation by Febbo for good reason prior to the incentive consideration payment date, in which case such obligations will cease on the incentive consideration payment date). MCF expects that its board of directors will remain fixed at nine members after completion of the merger.

ACCOUNTING TREATMENT OF THE MERGER

The acquisition will be accounted for as a purchase transaction for accounting and financial reporting purposes, in accordance with accounting principles generally accepted in the United States. After the merger, the results of operations of MedPanel will be included in the consolidated financial statements of MCF. The purchase price will be allocated based on the fair values of the assets acquired and the liabilities assumed. Pursuant to Statements of Financial Accounting Standards No. 141, Business Combinations and No. 142, Goodwill and Other Intangible Assets, goodwill is no longer subject to amortization over its estimated useful life. Rather, goodwill will be subject to at least annual assessment for impairment based on a fair value test. Identified intangible assets with finite lives will be amortized over those lives. A final determination of the intangible asset values and required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not yet been made. MCF will determine the fair value of assets and liabilities and will make appropriate business combination accounting adjustments. However, for purposes of disclosing unaudited pro forma information in this prospectus/information statement, MCF has made a preliminary determination of the purchase price allocation, based upon current estimates and assumptions, which is subject to revision upon consummation of

the merger.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGERS

General

The following discussion summarizes the material United States federal income tax consequences of the mergers to MCF, its merger subsidiaries, MedPanel, and to holders of common stock and preferred stock (capital stock) of MedPanel and constitutes the opinion of McDermott Will & Emery LLP, counsel to MedPanel, with respect to these matters. This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the Code), existing Treasury regulations, including temporary and proposed regulations, current administrative rulings and court decisions, all in effect as of the date of this prospectus/information statement and all of which are subject to change. Any such change, which may or may not be retroactive, could alter the tax consequences described below and could adversely affect MedPanel stockholders.

Edgar Filing: MCF CORP - Form S-4/A

This section does not discuss all of the United States federal income tax considerations that may be relevant to a particular stockholder in light of his or her individual circumstances or to stockholders subject to special treatment under the federal income tax laws, including, without limitation:

- brokers or dealers in securities or foreign currencies;
- traders;
- stockholders who are subject to the alternative minimum tax provisions of the Code;
- tax-exempt organizations;
- stockholders who are foreign persons, including those who are not citizens or residents of the U.S.;
- expatriates;
- stockholders treated as partnerships for United States federal income tax purposes;
- stockholders that have a functional currency other than the United States dollar;
- stockholders who do not hold their MedPanel stock as a capital asset within the meaning of Section 1221 of the Code;
- banks, mutual funds, financial institutions or insurance companies;
- stockholders who acquired MedPanel capital stock in connection with stock option or stock purchase plans or in other compensatory transactions;
-

stockholders who hold MedPanel capital stock as part of an integrated investment, including a straddle, hedge, or other risk reduction strategy, or as part of a conversion transaction or constructive sale;

•

stockholders who acquired their shares through MedPanel's 401(k) plan, deferred compensation plan or other retirement plan; or

•

stockholders whose MedPanel capital stock is qualified small-business stock for purposes of Section 1202 of the Code.

No ruling has been or will be sought from the IRS as to the United States federal income tax consequences of the mergers, and the following summary is not binding on the IRS or the courts. This summary does not address the tax consequences of the mergers under state, local and foreign laws or under United States federal tax law other than income tax law. In addition, the following discussion does not address the tax consequences of transactions effectuated before, after, or at the same time as the mergers, whether or not they are in connection with the mergers, including, without limitation, the exercise or cancellation of options, warrants or similar rights to purchase stock.

MedPanel stockholders are strongly urged to consult their own tax advisors as to the specific tax consequences to them of the mergers, including any applicable federal, state, local and foreign tax consequences.

IRS CIRCULAR 230 DISCLOSURE: TO COMPLY WITH REQUIREMENTS IMPOSED BY THE IRS, WE INFORM YOU THAT (A) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN (INCLUDING ANY ATTACHMENTS), UNLESS SPECIFICALLY STATED OTHERWISE, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSES OF AVOIDING PENALTIES UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The mergers are intended and expected to constitute one integrated transaction for United States federal income tax purposes and to qualify as a reorganization within the meaning of Section 368(a) of the Code. Subject to the limitations and qualifications referred to herein and assuming that the mergers are completed according to the terms of the merger agreement and as described in this prospectus/information statement and based upon facts, factual representations and assumptions contained in the representation letters provided by MCF and MedPanel, all of which must continue to be true, correct and complete as of the effective times of the mergers, it is the opinion of McDermott Will & Emery LLP, counsel to MedPanel, that the mergers will be treated for U.S. federal income tax

purposes as a reorganization within the meaning of Section 368(a) of the Code and the following United States federal income tax consequences will result:

MedPanel Stockholders Who Receive Solely MCF Common Stock

Pursuant to the merger agreement, stockholders who exchange shares of MedPanel capital stock in the merger have the right to receive: (i) shares of MCF common stock at the closing date of the merger, and (ii) contingent consideration of cash and common stock paid three years after consummation of the merger if certain financial performance milestones are met (the "earn-out"). If a MedPanel holder of capital stock does not receive any cash under the earn-out, and assuming the applicability of the installment method rules discussed below, such stockholder, as of the closing date of the merger, would not recognize gain or loss upon receipt of shares of MCF common stock solely in exchange for MedPanel capital stock, except with respect to cash received in lieu of a fractional share of MCF common stock (as discussed below). The aggregate tax basis of the shares of MCF common stock received (including any fractional shares deemed received and exchanged for cash) would be equal to the aggregate tax basis in the shares of MedPanel capital stock surrendered. The holding period of the MCF common stock received (including any fractional shares deemed received and exchanged for cash) would include the holding period of the shares of MedPanel capital stock surrendered.

MedPanel Stockholders Who Receive a Combination of MCF Common Stock and Cash

Pursuant to the merger agreement, a holder of MedPanel capital stock may receive a combination of shares of MCF common stock and cash (if contingent cash amounts are distributed to MedPanel stockholders pursuant to the earn-out).

Subject to the potential applicability of the installment method rules discussed below, a MedPanel stockholder who receives a combination of MCF common stock and cash in the mergers will recognize gain equal to the lesser of: (i) the amount of cash received (plus, if the installment method of reporting does not apply, as described below in the section of the prospectus/information statement entitled "Certain Terms of the Merger Agreement – Material United States Federal Income Tax Consequences of the Mergers – Installment Method (Treatment of Contingent Cash Consideration)", the value of the stockholder's contingent right to receive cash pursuant to the earn-out), or (ii) the gain realized as a result of the mergers. The gain realized will be the excess of (i) the sum of the fair market value of shares of MCF common stock received in the mergers, the amount of cash received in the mergers and, if the installment method of reporting does not apply, the value of the stockholder's contingent right to receive cash and stock under the earn-out, over (ii) the stockholder's adjusted tax basis in the MedPanel stock surrendered in the mergers. Thus, if the fair market value of the shares of MCF stock received is in excess of the basis of the MedPanel stock exchanged, all cash proceeds will be taxable. However, if a stockholder's adjusted tax basis in the MedPanel stock surrendered is greater than the sum of the amount of cash and the fair market value of the MCF common stock received, the stockholder's loss will not be currently recognized for United States federal income tax purposes.

If a holder of shares of MedPanel stock acquired different blocks of shares of MedPanel stock at different times or different prices, the stockholder should consult the stockholder's own tax advisor regarding the manner in which gain or loss should be determined. Any recognized gain will be long-term capital gain if, as of the effective date of the mergers, the stockholder's holding period with respect to the shares of MedPanel stock surrendered exceeds one year. In some cases, the recognized gain could be treated as having the effect of the distribution of a dividend under Sections 302 or 356(a)(2) of the Code, in which case such gain would be treated as dividend income. The IRS has indicated in rulings, however, that any reduction in the interest of a minority stockholder that owns a small number of shares (less than 1%) of a publicly and widely held corporation (e.g., MCF) and that exercises no control over the corporate affairs would receive capital gain rather than dividend treatment.

Subject to the potential applicability of the installment method rules discussed below, the aggregate tax basis of the shares of MCF common stock received (including any fractional shares deemed received and exchanged for cash) by a

stockholder that exchanges its shares of MedPanel capital stock for a combination of shares of MCF common stock and cash will be equal to the aggregate adjusted tax basis of the shares of MedPanel stock surrendered, reduced by the amount of cash received by the stockholder (excluding any cash received instead of fractional shares of MCF common stock), reduced by the value of the stockholder's contingent right to receive cash under the earn-out (if the installment method of reporting does not apply), and increased by the amount of gain recognized by the stockholder (excluding any gain recognized with respect to cash received in lieu of fractional shares of MCF common stock) on the exchange, including any portion of the gain that is treated as a dividend.

The holding period of the shares of MCF common stock received (including any fractional share deemed received and exchanged for cash) will include the holding period of the shares of MedPanel capital stock surrendered. MedPanel stockholders receiving a combination of shares of MCF common stock and cash should consult their own tax advisors regarding the manner in which cash and shares of MCF common stock should be allocated among the stockholder's shares of MedPanel stock and the manner in which the above rules would apply in the stockholder's particular circumstances, including the applicability of the installment method rules.

Installment Method (Treatment of Contingent Cash Consideration)

Under the merger agreement, the MedPanel stockholders as a group may be paid additional contingent cash consideration based upon the achievement of certain milestones, which we also refer to as the earn-out. Under the installment method rules (Section 453 of the Code), a MedPanel stockholder who receives cash consideration under the earn-out in a taxable year after the closing date of the mergers should be able to defer the reporting of the gain attributable to such cash until received. Thus, unless a stockholder timely and properly elects out of the installment method, or the receipt of the contingent right to cash consideration in the mergers has the effect of the distribution of a dividend (under 356(a)(2) of the Code), a stockholder recognizing a gain will recognize a portion of the capital gain from the mergers on a deferred basis as amounts are received under the earn-out. A MedPanel stockholder may elect out of the installment method generally by reporting the full amount of gain recognized in the mergers on a timely filed United States federal income tax return for the taxable year in which the mergers occur and taking into account the fair market value, as of the closing date of the mergers, of such stockholder's contingent right to receive cash in the earn-out.

Under the installment method, gain recognized by a MedPanel stockholder from the receipt of any cash payment under the earn-out will be equal to the lesser of (i) the amount of cash received (less any amount attributable to imputed interest, discussed below), or (ii) such MedPanel stockholder's proportionate amount of total gain realized not previously included in taxable income. The proportionate amount of total gain realized by a MedPanel stockholder should be computed based on the assumption that such stockholder will receive his, her or its proportionate share of the maximum amount payable pursuant to the earn-out. If less than the maximum amount of such stockholder's proportionate share of the earn-out is ultimately received, appropriate adjustments to such stockholder's tax reporting will be required. Any gain recognized should be capital gain and will be long-term capital gain if the MedPanel stockholder held his, her or its shares of MedPanel capital stock exchanged in the merger for more than one year as of the effective time of the merger.

Under the installment method, although not free from doubt, the adjusted tax basis of a former MedPanel stockholder's old stock (MedPanel stock) is allocated first to the new stock (MCF stock) permitted to be received tax-free in the mergers, up to the new stock's fair market value. Any excess basis is allocated to the cash that is received or expected to be received in the mergers (including the stockholder's portion of the full amount of contingent cash consideration under the earn-out that could be potentially received) thereby reducing the amount of gain recognized upon the receipt of any cash consideration in the mergers.

If the installment method applies, a portion of any cash paid to a MedPanel stockholder pursuant to the earn-out may be deemed to be interest income. In addition, a portion of any additional MCF shares received pursuant to the earn-out will likely be characterized as interest income. The interest amount will equal the excess of the fair market value of the MCF shares or the cash received over the present value of the MCF shares or cash at the effective time of the mergers, calculated using the relevant applicable federal rate (the AFR) as the discount rate. The AFR is a rate reflecting an average of market yields on Treasury debt obligations that is published monthly by the Internal Revenue Service. Any such amount treated as interest will be ordinary income and will not be treated as consideration received pursuant to the mergers.

In the event a MedPanel stockholder's maximum potential share of the earn-out, plus such stockholder's other installment sale receivables, exceeds \$5 million at the end of any taxable year, such stockholder may be required to

pay interest on the deferred tax attributable to the gain related to the amount of such installment receivables in excess of \$5 million. For certain MedPanel stockholders, this interest charge may not be deductible for federal income tax purposes. These rules are set forth in Section 453A of the Code, and their application to earn-outs is subject to a number of uncertainties. Accordingly, each MedPanel stockholder is encouraged to consult with his, her or its tax advisors regarding the potential application of these rules.

Because the application of the installment method rules are quite complex and not free from doubt, all MedPanel stockholders should consult with their own tax advisors regarding the application of the installment method provisions of the Code, the potential benefits and consequences of electing not to use the installment method, the effect of using the installment method on the stockholder's alternative minimum tax computation, the amount of gain to be recognized in the year of the mergers under the installment method, the computation of a MedPanel stockholder's adjusted tax basis in his, her or its stock received in the mergers, the computation of contingent cash consideration to be treated as imputed interest income, and the possible application of rules requiring the payment of an interest charge on deferred tax liabilities arising in connection with certain installment sales pursuant to Section 453A of the Code.

Cash in Lieu of Fractional Shares

A holder of MedPanel capital stock who receives cash in lieu of a fractional share of MCF common stock will be treated as having received such fractional share in the mergers and then as having received cash in exchange for such fractional share. Gain or loss will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of MCF common stock. Such gain or loss will be long-term capital gain or loss if, as of the effective date of the mergers, the holding period for such shares is greater than one year.

Dissenting Stockholders

A dissenting stockholder of MedPanel capital stock who perfects appraisal rights should be treated as having received a distribution in redemption of his, her or its stock subject to the provisions and limitations of Sections 302 and 356(a)(2) of the Code. While the tax consequences of such a redemption depend on a stockholder's particular circumstances, a dissenting stockholder who, after the mergers, does not own (actually or constructively) any capital stock of MCF will recognize gain or loss with respect to a share of MedPanel capital stock equal to the difference between the amount of cash received and his, her or its basis in such share. This gain or loss will be capital gain or loss.

Tax Consequences to MCF, its Merger Subsidiaries and MedPanel

Neither MCF, its merger subsidiaries, nor MedPanel will recognize gain or loss as a result of the mergers.

Backup Withholding

A holder of MedPanel stock may be subject to information reporting and 28% backup withholding on any cash payments received in the mergers, including cash received in lieu of a fractional share interest in MCF common stock. Such stockholders will not be subject to backup withholding, however, if they:

-

furnish a correct taxpayer identification number and certify that they are not subject to backup withholding on the substitute Form W-9 or successor form included in the letter of transmittal to be delivered to the former MedPanel stockholder following the completion of the mergers (or the appropriate Form W-8, as applicable); or

-

are otherwise exempt from backup withholding.

Any amounts withheld under the backup withholding rules should be allowed as a refund or credit against a MedPanel stockholder's United States federal income tax liability, provided they furnish the required information to the Internal

Revenue Service.

Tax Return Reporting Requirements

If a MedPanel stockholder receives shares of MCF common stock as a result of the mergers, the stockholder will be required to retain records pertaining to the mergers and will be required to file with his, her or its United States federal income tax return for the year in which the transaction takes place a statement setting forth certain facts relating to the mergers as provided in Treasury Regulations Section 1.368-3(b).

The preceding discussion does not purport to be a complete analysis or discussion of all potential tax effects relevant to the mergers. MedPanel stockholders are urged to consult their own tax advisors as to the specific consequences of the mergers to them, including tax return reporting requirements, the applicability

and effect of federal, state, local, foreign and other tax laws and the effects of any proposed changes in the tax laws.

Regulatory Approvals

Other than the Securities and Exchange Commission declaring this registration statement effective, MCF does not believe that any additional material governmental approvals are required with respect to the mergers.

Stock Ownership Following the Merger

Based on an assumed average last sale price per share of MCF common stock of \$4.20, which was the average of the last sale prices per share of MCF common stock as adjusted for the 1-for-7 reverse stock split that was effective on November 16, 2006, as reported on the American Stock Exchange for the trading days in the period from October 9, 2006 through November 3, 2006, MCF will issue up to 1,548,119 shares of MCF common stock pursuant to the merger at closing. Additional shares of MCF common stock will be issued or issuable under the merger agreement upon the achievement by the MedPanel business unit of MCF of certain financial performance milestones during the period commencing on January 1, 2007 and ending December 31, 2009. The actual number of additional shares of MCF common stock to be issued if the performance milestones are met will equal the 50% of the amount of consideration earned, divided by the average closing price of MCF common stock during the 20 trading days immediately prior to January 1, 2010.

Immediately after the effective time, the former holders of MedPanel capital stock will hold in the aggregate approximately 12.7% of the shares of MCF common stock to be outstanding immediately after the consummation of the merger (calculated on the basis of 10,602,699 shares of MCF common stock outstanding as of November 6, 2006, and assuming the issuance of an aggregate of 1,548,119 shares of MCF common stock to the MedPanel stockholders).

Material Contacts Between MCF and MedPanel

Except in connection with the merger agreement as described in this prospectus/information statement and incorporated herein by reference, neither MCF nor, to the best of MCF's knowledge, any of its directors, executive officers or other affiliates has any contract, arrangement, understanding or relationship with any other person with respect to any securities of MedPanel, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities, joint ventures, loan or option arrangements, guaranties of loans, guaranties against loss or the giving or withholding of proxies.

Except in connection with the merger agreement as described in this prospectus/information statement and incorporated herein by reference, there have been no contacts, negotiations or transactions between MCF or, to the best of MCF's knowledge, any of its directors, executive officers or other affiliates on the one hand, and MedPanel or its affiliates, on the other hand, concerning a merger, consolidation or acquisition, an acquisition of securities, an election of directors, or a sale or other transfer of a material amount of assets.

Neither MCF nor, to the best of MCF's knowledge, any of its directors, executive officers or other affiliates has ever had any transaction with MedPanel or any of its officers, directors or affiliates that would require disclosure under the rules and regulations of the Securities and Exchange Commission applicable to the merger.

Neither MCF nor, to the best of MCF's knowledge, any of its directors, executive officers or other affiliates beneficially owns or has any right to acquire, directly or indirectly, any shares of MedPanel common stock or preferred stock.

Neither MCF nor, to the best of MCF's knowledge, any of its directors, executive officers or other affiliates has effected any transaction in shares of MedPanel common stock during the past 60 days.

Except in connection with the merger agreement as described in this prospectus/information